



Board of Trustees Meeting Agenda
Tuesday, December 18, 2018
1:00 p.m.

- I. **Call to Order** (*Mr. Kelly Breland*)
 - A. Invocation
 - B. Pledge of Allegiance
 - C. Approval of Agenda
 - D. Approval of Minutes – *October 23, 2018*
 - E. Employee of the Quarter
 - F. Public Comment Request

- II. **Report of Administrative Committee** (*Dr. Lee Childress*)
 - A. Regulation 40, Insurance Advisory Committee (*final adoption*)
 - B. Regulation 60, Contribution Rates (*final adoption*)
 - C. Approval of the Retiree Representative Election Schedule
 - D. Other

- III. **Report of Audit Committee** (*Mr. Chris Howard*)
 - A. 2018 PERS Audit Reports
 - B. Other

- IV. **Report of Claims Committee** (*Dr. Randy McCoy*)
 - A. New Agency Joinder Agreement – Choctaw County Library System
 - B. Other

- V. **Report of Defined Contribution Committee** (*Dr. Brian Rutledge*)
 - A. ORP Plan Document (*final approval*)
 - B. Other

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

- VII. **Municipal Plan FY 2019 COLA Certification – City of Tupelo**

- VIII. **Retiree Insurance Advisory Committee Recommendations**
 - A. Retiree Insurance Advisory Committee Appointments
 - B. Other

- IX. **Disability Appeals Committee**

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

- 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 Retreat – Alluvian Hotel, Greenwood, May 9-10, 2018
 - B. Conferences and Training
 - IFEBP CAPPP
 - Pension Part I (Boston, MA, June 18-19, 2019)
 - Pension Part II (Boston, MA, June 20-21, 2019)
 - NCTR 19th Annual Trustee Workshop, July 21-24, 2019, Berkeley, CA
 - NASRA 2019 Annual Conference, August 3-7, 2019, Williamsburg, VA
 - NCTR 2019 Annual Conference, October 12-15, 2019, Nashville, TN

- XIII. **Adjourn**

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PUBLIC EMPLOYEES' RETIREMENT SYSTEM
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The Board of Trustees of the Public Employees' Retirement System met in the fourth floor board room of the PERS Building, 429 Mississippi Street, Jackson, Mississippi, at 1:00 p.m., Tuesday, December 18, 2018, with members present as follows: Board Chair Kelly Breland, Mr. Bill Benson, Dr. Lee Childress, Mr. George Dale, Deputy State Treasurer Jesse Graham representing State Treasurer Lynn Fitch, Ms. Kimberly Hanna, Mr. Chris Howard, Dr. Randy McCoy, Dr. Brian Rutledge, and Mr. Drew Snyder. Absent: none. Also attending was PERS Legislative Liaison, Representative Mac Huddleston.

Staff members present: Ray Higgins, Lorrie Tingle, Shirley Sessoms, Davetta Lee, Greg Gregory, Kenny Grissett, Andrew Hoeniges, Terri Hudson, Pauline Howard, Alison Vowell, Ran Jones, Billy Means, Terrance Yarbrough, Terri Bennett, David Evans, Alicia Houston, Amy Marquez, Senetra Stapleton, Walter Hille, Susan Lyon, LaCarole Smith, Cassie Gregory, Mason Frantom, Randy Speights, 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; Terrell and Martha Tisdale, Retired Education Personnel of Mississippi; Allan Cooper, Mississippi Department of Finance and Administration; Kelly Riley, Mississippi Professional Educators; Lee Anne Robinson and Rob Dowdle, Mississippi Legislative Budget Office; Jeff Amy, Associated Press; Nancy Loomer and Cindy White, The Parents' Campaign; Bobby Harrison, Mississippi Today; Ann Thames, Mississippi Retired Public Employees Association (MRPEA); Shannon Dyse, Empower Retirement; and Ed Koebel and Jonathan Craven, Cavanaugh Macdonald, LLC.

Chairman Breland called the meeting to order at 1:01 p.m. Dr. Brian Rutledge gave the invocation and led the attendees in the Pledge of Allegiance to the United States flag.

Agenda | Chairman Breland advised that two revisions would be made to the original agenda. He stated that an additional item, item I.F., labeled Public Comment Request, would be added to the agenda, and item X.D., Municipal Retirement Systems, would be removed from the agenda, as the municipal systems would not be discussed in this meeting. Chairman Breland called for a motion to approve the amended agenda.

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

Minutes | Chairman Breland asked for approval of the minutes of the board meeting of October 23, 2018. The motion was made by Dr. Childress, seconded by Mr. Benson, which motion duly passed, to approve the minutes of the October 23, 2018, board meeting. Voting for: Benson, Breland, Childress, Dale, Graham, Hanna, Howard, McCoy, Rutledge, and Snyder. Voting against: none. Absent: none.

Employee of the Quarter | Chairman Breland presented Mr. David Evans with the January through March 2019 PERS Employee of the Quarter Award. Mr. Evans, an account specialist in the Employer Reporting division, was recognized for his professionalism and for excellence and accuracy in performing his job duties. He was further recognized for being dependable, consistent, and respectful to staff, retirees, and members.

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**Public Comment
Request**

Chairman Breland recognized MRPEA President Ann Thames. He advised that Ms. Thames had previously submitted a written request for permission to address the PERS Board at this meeting. Ms. Thames made a brief statement to the Board on behalf of the MRPEA. She stated that the MRPEA is in support of the implementation of the recent Attorney General's Opinion relating to retirees who are elected to the state Legislature being allowed to continue to receive their retirement benefits while serving in the state Legislature.

**Administrative
Committee**

Dr. Lee Childress, Administrative Committee Chair, reported that the committee met Tuesday, December 18, 2018.

Regulation 40

Dr. Childress reported that the committee reviewed and approved final adoption of amended Board Regulation 40, Insurance Advisory Committee, as presented by staff. He advised that initial adoption of this regulation had already been approved by the committee and the Board in the October meetings.

**Public Employees' Retirement System
Board of Trustees
December 18, 2018
Proposed Amendment to Board Regulation**

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

Regulation 40: Insurance Advisory Committee

Amend Section 103 to create a section for insurance advisory committee meetings. The number of required meetings per year would be reduced to one per year, and the members of the committee would receive mileage reimbursements for attending official committee meetings.

The committee is currently meeting less than quarterly and receiving mileage reimbursements. These amendments would provide express authority for reimbursement and update the regulation to reflect current practice.

The effective date of the proposed amendment will be February 1, 2019.

Title 27: Personnel

Part 210: PERS, Regulations for Retirement Plans Administered by the Board of Trustees

Chapter 40: Insurance Advisory Committee

100 Purpose

The purpose of this regulation is to establish the Retiree Insurance Advisory Committee of the Public Employees' Retirement System of Mississippi by the Board of Trustees for the purpose of providing information and recommendations to the Board relative to the health and life insurance need of the retirees of the Public Employees' Retirement System of Mississippi and other systems administered by the Board.

101 Membership on the Insurance Advisory Committee

The Committee shall consist of seven members, each retired under a system administered by the Public Employees' Retirement System of Mississippi and at least one of whom shall be a retiree covered by the State Employees' Health Plan. The Executive Director of the Public Employees' Retirement System shall make all appointments to the Committee with the approval of the Board of Trustees. Terms of office shall be for a period of three (3) years and no committee member shall serve more than two (2) consecutive terms. Service for a portion of an unexpired term shall not count as a full term. The initial appointments for the Board of Trustees, which shall begin on November 1, 1991, shall be as follows:

Two terms for one year expiring October 31, 1992 Two terms for two years expiring October 31, 1993 Three terms for three years expiring October 31, 1994

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(After October 31, 1993, the last statement shall read: The term of office shall begin on November 1 of the year of the appointment.)

102 Selection of Committee Officers

The Committee shall elect by a majority vote of those present a Chairman who shall serve for a term of one year and shall be eligible for reelection to that position. The Committee may select other officers as it considers appropriate for similar terms of service not to exceed one year and the Committee may reelect any officer it so chooses.

103 Committee Meetings

All meetings shall be at the call of the Chairman and should be at least ~~once per quarter~~ annually. Four member's present shall constitute a quorum for the transaction of business for the Committee. ~~Committee members shall be reimbursed for mileage required to attend official committee meetings in accordance with the Public Employees' Retirement System Travel Policies.~~

104 Committee Reports to the Board of Trustees

The Committee shall make reports to the Board of Trustees on an ~~annual~~ ~~quarterly~~-basis and will coordinate its activities through the Executive Director or his designee.

105 Filling a vacancy on the Committee

Any vacancy in the office of the committee member shall be declared to the Executive Director by the Committee at the occurrence of such vacancy. The vacancy shall be filled by appointment made by the Executive Director of the Public Employees' Retirement System, and approved by the Board of Trustees, for the unexpired portion of the term of office.

(History: (Adopted December 17, 1991; amended April 5, 1997; reformatted August 1, 2007, amended effective February 1, 2019)

The motion was made by Dr. Childress, seconded by Dr. McCoy, which motion duly passed, to approve final adoption of amended Board Regulation 40, Insurance Advisory Committee. Voting for: Benson, Breland, Childress, Dale, Graham, Hanna, Howard, McCoy, Rutledge, and Snyder. Voting against: none. Absent: none.

Regulation 60 | Dr. Childress reported that the committee reviewed and approved final adoption of amended Board Regulation 60, Contribution Rates. He advised that initial adoption of this regulation had already been approved by the committee and the Board in the October meetings.

**Public Employees' Retirement System
Board of Trustees
December 18, 2018
Proposed Amendment to Board Regulation**

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

Regulation 60: Contribution Rates

Amend Sections 101 and 104 to update the employer contribution rate for the Public Employees' Retirement System (PERS) and the Optional Retirement Program (ORP) from 15.75% to 17.40% as approved by the Board on June 26, 2018. In accordance with Miss. Code Ann. § 25-11-411, ORP employers shall contribute the same amount the employer would be required to contribute to PERS if the participant were a member.

The effective date of the proposed amendment will be July 1, 2019.

Title 27: Personnel

Part 210: PERS, Regulations for Retirement Plans Administered by the Board of Trustees

Chapter 60: Contribution Rates

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100 Purpose

This regulation reflects the current employee and employer contribution rates for the Public Employees' Retirement System of Mississippi, the Supplemental Legislative Retirement Plan, the Mississippi Highway Safety Patrol Retirement System, and the Optional Retirement Program for Employees of the State Institutions of Higher Learning.

101 Contribution Rates for the Public Employees' Retirement System of Mississippi

Pursuant to Miss. Code Ann. § 25-11-123 (1972, as amended), the Board of Trustees of the Public Employees' Retirement System of Mississippi is authorized to set the contribution rates for both employee and employer contributions based on the basis of the liabilities of the retirement system as shown by the actuarial valuation.

The employee and employer contribution rates are as follows:

1. Employee Contribution Rate - 9.00 percent of earned compensation effective July 1, 2010; and
2. Employer Contribution Rate - ~~15.75~~ 17.40 percent of earned compensation effective July 1, ~~2013~~ 2019.

102 Contribution Rates for the Supplemental Legislative Retirement Plan

Pursuant to Miss. Code Ann. § 25-11-307 (1972, as amended), the Board of Trustees is authorized to set the employer contribution rate on the basis of the liabilities of the plan as shown by the actuarial valuation.

The employee and employer contribution rates are as follows:

1. Employee Contribution Rate – 3.00 percent of earned compensation effective July 1, 1989; and
2. Employer Contribution Rate – 7.40 percent of earned compensation effective January 1, 2012.

103 Contribution Rates for the Mississippi Highway Safety Patrol Retirement System

Pursuant to Miss. Code Ann. § 25-13-7 (1972, as amended), the Board of Trustees of the Public Employees' Retirement System is authorized to set the employee contribution rate on the basis of the liabilities of the plan as shown by the actuarial valuation. Pursuant to Miss. Code Ann. § 25-13-29 (1972, as amended), the administrative board of the Mississippi Highway Safety Patrol Retirement System is authorized to set biennially the employer contribution percentage rate on the basis of the liabilities of the retirement system as shown by the actuarial valuation.

The employee and employer contribution rates are as follows:

1. Employee Contribution Rate – 7.25 percent of earned compensation effective July 1, 2008; and
2. Employer Contribution Rate – 49.08 percent of earned compensation effective July 1, 2018.

Pursuant to Miss. Code Ann. § 63-15-71 (1972, as amended), the Legislature has levied an additional fee for each certified abstract of operating record furnished by the Motor Vehicle Commission. This fee is deposited into the Mississippi Highway Safety Patrol Retirement System for application to the unfunded accrued liability.

Pursuant to Miss. Code Ann. § 63-1-46 (1972, as amended), the Legislature has levied a fee for the reinstatement of an individual's suspended driver's license and has provided that a portion of that fee shall be paid to PERS to provide additional funding for the Mississippi Highway Safety Patrol Retirement System.

104 Contribution rates for the Optional Retirement Program for Employees of the State Institutions of Higher Learning

1. Pursuant to Miss. Code Ann. § 25-11-411 (1972, as amended), each participant is required to contribute monthly to the optional retirement program the same amount that he or she would be required to contribute to the Public Employees' Retirement System of Mississippi if he or she were a member of that plan.

Each employer of a participant in the optional retirement program shall contribute on behalf of each participant therein the same amount the employer would otherwise be required to contribute on behalf of such participant if he or she participated in the Public Employees' Retirement System.

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The Board of Trustees of the Public Employees' Retirement System is authorized to set the contribution rate for both employee and employer contributions based on the basis of the liabilities of the Public Employees' Retirement System as shown by the actuarial valuation.

The employee and employer contribution rates are as follows:

- a. Employee Contribution Rate - 9.00 percent of earned compensation effective July 1, 2010; and
 - b. Employer Contribution Rate - ~~15.75~~ 17.40 percent of earned compensation effective July 1, 2013 2019.
2. Pursuant to Miss. Code Ann. § 25-11-415 (1972, as amended) the Board of Trustees is authorized to deduct not more than two percent (2%) of the employers' contribution to defray the cost of administering the plan. Effective July 1, 2009, this administrative fee shall be one percent (1%) of the employers' total contribution which shall be transferred each month to PERS when contributions are due.
 3. The full amount of the employee contribution which is 9.00 percent of the participant's earned compensation shall be remitted to the appropriate company or companies for application to the participant's contract or account or both.
 4. The employers' contribution of ~~fifteen and seventy-five one-hundredths~~ ~~seventeen and four tenths~~ percent (~~15.75%~~ 17.40%) of the participant's earned compensation shall be disbursed as follows:
 - a. One percent (1%) of the employer contributions (or the equivalent of ~~1575~~ 0.174 percent of the participant's earned compensation) shall be paid to PERS as an administrative fee.
 - b. Two and one-half percent (2.5%) of the participant's earned compensation reduced by the pro-rata share of the 1% administrative fee, or an equivalent of 2.475 percent of the participant's earned compensation, shall be remitted to PERS for application to the unfunded accrued liability.
 - c. ~~Thirteen and twenty-five one-hundredths~~ ~~Fourteen and nine tenths~~ percent (~~13.25%~~ 14.90%) of the participant's earned compensation reduced by the pro-rata share of the 1% administrative fee, or an equivalent of ~~13.1175~~ 14.751 percent of the participant's earned compensation, shall be remitted to the appropriate company or companies for application to the participant's contract or account or both.

(History of PERS Board Regulation 60: Adopted effective January 19, 2009; amended effective July 1, 2009; amended effective July 1, 2010; amended effective July 1, 2011; amended effective July 1, 2012; amended effective July 1, 2013; amended effective February 1, 2014, amended effective July 1, 2019)

The motion was made by Dr. Childress, seconded by Ms. Hanna, which motion duly passed, to approve final adoption of amended Board Regulation 60, Contribution Rates. Voting for: Benson, Breland, Childress, Dale, Graham, Hanna, Howard, McCoy, Rutledge, and Snyder. Voting against: none. Absent: none.

Retiree Representative Election Schedule

Dr. Childress reported that the committee reviewed and approved the Retiree Representative Election Schedule presented by staff.

**PERS Board Election Schedule
 Retiree Representative**

<u>Term ends 6/30/25</u>	
January 3, 2019	News release (after Board approval of election schedule)
January 3, 2019	Notice mailed to retirees
February 4, 2019	Deadline for receipt of petitions
February 11, 2019	Deadline for preparation of ballot
February 26, 2019	Board approval of ballot at regularly scheduled meeting
February 27, 2019	News release (after Board approval of official ballot)
March 8, 2019	Deadline to mail ballots
April 8, 2019	Deadline for receipt of ballots/votes
April 23, 2019	Board approval of election results at regularly scheduled meeting
May 3, 2019	Deadline for swearing in of new Board member

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Runoff Schedule (tentative)

May 7, 2019	Ballots mailed
June 6, 2019	Deadline for receipts of ballots/votes
June 25, 2019	Board approval of election results at regularly scheduled meeting
July 1, 2019	Deadline for swearing in of new Board member

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

Dr. Childress reported that the committee discussed the guidelines for a more formal Public Comment policy for future board meetings. Dr. Childress also reported that the committee discussed the recent Attorney General Opinion relating to whether retirees who run for and are elected to the state Legislature should be allowed to continue to receive their PERS retirement benefits. Dr. Childress advised that staff is in the process of preparing a request to the Attorney General for clarification of the Opinion. He advised that no action was required for these two discussion items.

Audit Committee | Mr. Chris Howard, Audit Committee Chair, reported that the committee met Tuesday, December 18, 2018, and heard the report presented by Eide Bailly auditors of the results of the 2018 PERS audit. Mr. Howard advised that the report reflected a clean audit opinion, showing no internal control findings and no issues of noncompliance. He congratulated PERS staff on a job well done and asked for board acceptance of the audit reports.

The motion was made by Mr. Howard, seconded by Ms. Hanna, which motion duly passed, to accept the 2018 PERS Audit Reports presented by the Eide Bailly auditors. Voting for: Benson, Breland, Childress, Dale, Graham, Hanna, Howard, McCoy, Rutledge, and Snyder. Voting against: none. Absent: none.

Mr. Howard reported that staff presented the Internal Audit Report for informational purposes. He advised that no board action was required for this report.

Claims Committee | Dr. Randy McCoy, Claims Committee Chair, reported the committee met Tuesday, December 18, 2018.

New Agency Joinder Agreement – Choctaw County Library System | Dr. McCoy reported that the committee reviewed and approved the New Agency Joinder Agreement for the Choctaw County Library System, as presented by staff.

<u>Entity</u>	<u>Coverage Requested</u>	<u>Effective Date</u>
Choctaw County Library System	Social Security Coverage Retirement Coverage	December 31, 2018 January 1, 2019

Choctaw County Library System

The Choctaw County Library System submitted an initial request on May 16, 2018 for Social Security and retirement coverage for their employees. The Choctaw County Library System was established November 20, 2017 and organized under the existing state statute MS Code 1972 Section 39-3-17.

Special Assistant Attorney General, Martin Millette, has verified that the Choctaw County Library System is a public entity. Also, PERS Internal Auditor, Terri Hudson, has reviewed the financial information submitted by Choctaw County Library System and has determined, based upon that limited review, that the Choctaw County Library System has the financial resources to participate in the Public Employees' Retirement System of Mississippi.

We recommend that Choctaw County Library System be approved for Social Security coverage with an effective date of December 31, 2018 and retirement coverage with an effective date of January 1, 2019.

The motion was made by Dr. McCoy, seconded by Mr. Benson, which motion duly passed, to approve the New Agency Joinder Agreement of the Choctaw County Library System, presented by staff, to provide this entity with Social Security coverage effective December 31, 2018, and to provide this library system with PERS retirement coverage effective January 1, 2019. Voting for: Benson, Breland, Childress, Dale, Graham, Hanna, Howard, McCoy, Rutledge, and Snyder. Voting against: none. Absent: none.

**Defined Contribution
Committee**

Dr. Brian Rutledge, Defined Contribution Committee Chair, reported that the committee met Monday, December 17, 2018.

**ORP Plan
Document**

Dr. Rutledge reported that the committee reviewed the revisions presented by staff for the Option Retirement Plan (ORP) Plan Document. He advised that staff requested final approval of the following proposed amendments to Section 4.1 of the ORP Plan Document.

**Public Employees' Retirement System
Board of Trustees
December 18, 2018
Proposed Amendment to the ORP Plan Document**

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

Amend Section 4.1 *Plan Contributions* to update the employer contribution rate from 15.75% to 17.40% as approved by the Board on June 26, 2018. In accordance with Miss. Code Ann. § 25- 11-411, ORP employers shall contribute the same amount the employer would be required to contribute to PERS if the participant were a member.

The effective date of the proposed amendments will be July 1, 2019.

**ARTICLE IV
PLAN CONTRIBUTIONS**

4.1 Plan Contributions

The Institution will make Institution Plan Contributions monthly during years of participation in accordance with the schedule set forth below except as the same may hereafter be changed by statute, regulation, or termination of the Plan. Pursuant to Miss. Code Ann. § 25-11-415, (1972, as amended) the Board of Trustees is authorized to deduct a fee of up to two percent (2.00%) of the employers' contribution to defray the cost of administering the plan. Effective July 1, 2009, the Board has set the fee at one percent (1.00%) of the employers' total contribution which shall be transferred each month to PERS when contributions are due.

The Participant's contribution of 9.00% of compensation, which is picked-up by the Institution, shall be credited to the Participant's account. The Institution shall contribute ~~13.25%~~ 14.90% of the Participant's compensation, reduced by the administrative fee noted in this section, to be credited to the Participant's account. In addition, the Institution shall contribute 2.50% of the Participant's compensation, reduced by the administrative fee noted in this section, to PERS for application to the accrued liability contribution fund.

**Employer and Employee Plan Contributions as a
Percentage of Compensation**

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By the <u>Participant</u>	By the <u>Institution</u>	<u>Total</u>
9.00%	15.75% -17.40%	24.75% -26.40%

Allocation of ~~15.75%~~-17.40% Employer Contribution

Administrative Fee	% to PERS UAAL	% to Participant's Account
15.75% - 0.174% of Compensation (1.00% of 15.75% -17.40% of compensation)	2.475% of Compensation (2.50% less pro-rata shares of administrative fee)	13.1175% - 14.751% of Compensation (13.25% -14.90% less pro-rata share of administrative fee)

Plan Contributions as Credited to Participant's Account

By the <u>Participant</u>	By the <u>Institution</u>	<u>Total</u>
9.00%	13.1175% -14.751%	22.1175% -23.751%

In no event will compensation taken into account under the Plan exceed the limit of Code Section 401(a) (17) as such amount may be adjusted by the Secretary of Treasury from time to time.

All Plan contributions are fully vested and nonforfeitable. Plan contributions during educational, maternity and sick leave are provisional on the continuation of salary or compensation by the employing Institution.

The motion was made by Dr. Rutledge, seconded by Mr. Benson, which motion duly passed, to approve final adoption of the proposed amendment to the ORP Plan Document, as submitted by staff. Voting for: Benson, Breland, Childress, Dale, Graham, Hanna, Howard, McCoy, Rutledge, and Snyder. Voting against: none. Absent: none.

Investment Committee

Mr. Jesse Graham, acting Investment Committee Chair, reported that the committee met Monday, December 17, 2018.

Mr. Graham reported that the committee heard the Quarterly Performance Review presented by the Callan Associates consultants.

PERS Watch List

Mr. Graham reported that the committee reviewed and approved the PERS Watch List presented by staff. He advised that staff recommended the addition of Wedgewood Partners to the PERS Watch List, due to the manager's lagging performance to its benchmark and peer group.

The motion was made by Mr. Graham, seconded by Dr. McCoy, which motion duly passed, to approve the recommendation of staff to add Wedgewood Partners to the PERS Watch List. Voting for: Benson, Breland,

Childress, Dale, Graham, Hanna, Howard, McCoy, Rutledge, and Snyder. Voting against: none. Absent: none. (*Addendum A – PERS Watch List Review*)

**Iran Divestment Act of 2015
Exposure Report**

Mr. Graham reported that the committee reviewed and accepted the Iran Divestment Act of 2015 Exposure Report presented by staff. He advised that no additional action was required by the board for this report. (*Addendum B – Iran Divestment Act of 2015 Exposure Report*)

Mr. Graham reported that the PERS Investment Division staff made presentations to the committee on various investment topics. He advised that no committee action was required for these presentations, as they were presented for educational and informational purposes.

**Municipal Plan FY 2019
COLA Certification
– City of Tupelo**

Mr. Grissett presented the Municipal Plan FY 2019 COLA Certification request of the city of Tupelo. He advised that the Cavanaugh Macdonald actuaries provided an analysis of the cost associated with this request. Mr. Grissett stated that, in addition, the resolution of the city council of the city of Tupelo, authorizing this action, was included as supporting documentation. Mr. Grissett advised that staff was recommending approval to certify the payment of this COLA, effective January 1, 2019. He stated that this COLA payment was to be effective October 1, 2018, but due to the timing will not appear on the recipients' first COLA check until January 1, 2019. He stated that in January the recipients will receive the COLA for the first time, but they will also receive a payment, retroactive to October, for the difference in the amount they would have received had the COLA been in place October 1, 2018.

**APPROVAL OF THE PAYMENT OF AN AD HOC COST-OF-LIVING ADJUSTMENT
FOR THE CITY OF TUPELO**

The City of Tupelo, as authorized by Senate Bill 3138 of the 1996 Regular Session of the Mississippi Legislature, requests approval to pay a 3.0% ad hoc cost-of-living adjustment (COLA) to the 75 retirees and beneficiaries of the City of Tupelo Fire and Police Disability and Relief Fund retroactive to October 1, 2018.

The city council, by a unanimous vote of 7-0, adopted a resolution on September 18, 2018 to authorize the payment which will not result in an increase of the millage rate. PERS' actuary, Cavanaugh Macdonald, calculated the financial impact for the increased benefits would result in a millage rate of 1.44. The current millage rate of the City of Tupelo is 1.61 since it has chosen to assess based on the old funding policy.

The motion was made by Ms. Hanna, seconded by Mr. Benson, which motion duly passed, to approve certification of the COLA for the city of Tupelo, effective January 1, 2019, as recommended by staff. Voting for: Benson, Breland, Childress, Dale, Graham, Hanna, Howard, McCoy, Rutledge, and Snyder. Voting against: none. Absent: none. (*Addendum C – City of Tupelo COLA FY2019*)

**Retiree Insurance Advisory
Committee Recommendations**

Mr. Grissett presented the Retiree Insurance Advisory Committee (RIAC) Recommendations. He advised that staff was requesting approval of these recommendations.

**PERS OF MISSISSIPPI BOARD OF TRUSTEES
RETIREE INSURANCE ADVISORY COMMITTEE APPOINTMENTS
December 18, 2018**

Request for approval of new appointments to the Retiree Insurance Advisory Committee

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The Executive Director requests approval of the appointments of Dr. Howell Garner and Mrs. Yvonne Shotts to the Retiree Advisory Committee, due to the expiration of the terms of Mr. Charles Daughdrill and Mr. George Terry on October 31, 2018.

If approved, they will serve a three-year term beginning November 1, 2018 and ending October 31, 2021.

The motion was made by Mr. Graham, seconded by Mr. Dale, which motion duly passed, to approve staff's recommendations of the appointments to the RIAC. Voting for: Benson, Breland, Childress, Dale, Graham, Hanna, Howard, McCoy, Rutledge, and Snyder. Voting against: none. Absent: none. (*Addendum D – RIAC Appointment Recommendations*)

Disability Appeals Committee | Ms. Bennett presented the recommendation of the Disability Appeals Committee (DAC). She reported that board members were provided with this recommendation of the Disability Appeals Committee prior to the board meeting. She advised that board members were given an opportunity to state by case number any exceptions any board member had to this recommendation of the DAC.

Mr. Breland asked for a motion concerning the following recommendation of the DAC, by case number:

PERS No. 18-16: This matter came on for hearing before the Disability Appeals Committee of the Board of Trustees November 5, 2018. 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 Statement of Facts, Conclusions of Law, and Recommendation that the claimant does not meet the statutory requirements for disability under Section 25-11-113 of the Mississippi Code and, therefore is not entitled to non-duty-related disability benefits. The Disability Appeals Committee recommends that the claimant's request for non-duty-related disability benefits be denied.

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

Projection Reports | Mr. Breland introduced the representatives from Cavanaugh Macdonald Consulting to present the Thirty-Year Projection Reports for the PERS, the Supplemental Legislative Retirement Plan (SLRP), and the Mississippi Highway Safety Patrol Retirement System (MHSPRS). The Cavanaugh Macdonald actuarial consultants presented the Thirty-Year Projection Report for PERS, SLRP, and the MHSPRS.

Mr. Graham left the meeting.

The motion was made by Mr. Benson, seconded by Dr. Childress, which motion duly passed, to accept the Thirty-Year Projection Reports for PERS, MHSPRS, and SLRP, as presented by Cavanaugh Macdonald Consulting, LLC. Voting for: Benson, Breland, Childress, Dale, Hanna, Howard, McCoy, Rutledge, and Snyder. Voting against: none. Absent: Graham. (*Addendum E – Thirty-Year Projection Report Presentation*)

**PERS Executive
Director's Update**

PERS Executive Director Higgins gave a brief update of several informational items, including the cyber insurance update, the governor's current budget recommendation, and the comprehensive annual financial report (CAFR) which was provided to each board member. Mr. Higgins commended the staff on their efforts and efficiency in producing the CAFR and thanked staff for a job well done.

**PPCC
Award**

Director Higgins mentioned the 2018 Public Pension Coordinating Council (PPCC) Public Pension Standards Award which was awarded to PERS in recognition of PERS' meeting professional standards in the areas of plan design, funding, actuarial and financial audits, as well as member communication, as set forth in the Public Pension Standards. Mr. Higgins mentioned that unlike certain other awards such as those for the CAFR that may be geared more toward the work of the staff, this one also includes requirements about the actual plan structure and the Board's role is setting policy. He noted we have received this award for several years and that he is optimistic we will continue to receive it in the future since the funding policy overall is improved. He advised that there could be more questions or discussion in the future on the funding portion of the requirements with the calculation and publication of the Actuarially Determined Contribution (ADC) ratio each year in the annual valuation.

Director Higgins reported that Jan Cragon, PERS finance director, retired November 30, 2018, and that Greg Gregory, PERS senior deputy administrator, in the Administrative Services division, would be retiring December 31, 2018. Mr. Higgins made congratulatory remarks about Ms. Cragon and thanked her for her dedicated service to PERS, including her recent work on the CAFR. He congratulated Mr. Gregory, on behalf of the PERS Board and staff, and presented him with an appreciation plaque in recognition of his loyal and dedicated service to PERS.

Litigation Report

Special Assistant Attorney General Martin Millette presented a summary of the statuses of cases in which changes or actions have occurred since the October 23, 2018, board meeting. Mr. Millette reported that there are currently 26 cases in the appellate process. He advised that there has been activity in the following cases since the October 23, 2018, report to the PERS 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 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 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 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:

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. Briefing is now complete, and parties await the Court's decision. 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. Stakelum's brief is due December 19, 2018.

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. Briefing is underway.

LANG v. PERS: The case was remanded to PERS by the Court of Appeals for further determination on October 23, 2012. The Board approved the recommendation of the Disability Appeals Committee and issued its Order February 25, 2014, to deny the claimant non-duty disability benefits. Following briefing by both parties, the Court entered its Order Affirming the Decision of the PERS Board of Trustees on April 3, 2018. Lang filed a Notice of Appeal to the Supreme Court on April 17, 2018. Briefing is underway.

ULRICH V. PERS: The PERS Board of Trustees, upon recommendation of the Disability Appeals Committee, held in an Order dated April 19, 2016, that claimant's application for duty related disability should be denied. On February 2, 2018, the Circuit Court issued its Opinion and Order affirming the decision of the PERS Board of Trustees. Ulrich filed a timely Notice of Appeal to the Supreme Court on February 26, 2018. Briefing has been completed.

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. Briefing is underway.

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 is underway.

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 is underway.

PHILLIPS v. PERS: The Disability Appeals Committee of the PERS Board of Trustees determined that the claimant's request 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. Briefing is underway.

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 thirty 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 is underway.

BUCKHAULTS v. PERS: On September 26, 2012, the Appellant, Buckhaults, an unvested member of the 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 Brief of Appellant was filed March 1, 2017, and PERS' Brief was filed April 26, 2017. 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. Briefing is underway.

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 Brief of Appellant was filed July 28, 2016 and PERS' Appellee's Brief was filed August 26, 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 is underway.

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)
- Regeneron Pharmaceuticals, Inc.
- Dr. Reddy's Laboratories Ltd.
- Acuity Brands, Inc.
- Advance Auto Parts, Inc.
- WageWorks, Inc.
- Facebook, Inc.
- Columbia Pipeline Group, Inc.
- Mednax, Inc.

Securities-Related Cases in Which PERS Is a Defendant:

- In Re: Tribune Company

Retiree Report | Mr. Frantom reported that, as of the December 2018 payroll, all systems (PERS, SLRP, MHSPRS, and MRS) had a total of 109,609 retirees/survivors receiving monthly benefit payments, with a total monthly payroll of more than \$172 million, and a year-to-date total of more than \$680 million. Mr. Frantom provided the following breakdown of retirees/survivors by system and amounts paid per plan:

<u>System</u>	<u>November 2018</u>		<u>December 2018</u>	
	<u>Retirees</u>	<u>Payments</u>	<u>Retirees</u>	<u>Payments</u>
PERS	106,931	\$168,019,069.96	106,985	\$168,128,614.14
SLRP	208	\$86,780.47	209	\$86,957.29
MHSPRS	739	\$1,982,499.54	737	\$1,980,324.48
MRS	1,680	\$2,455,893.86	1,678	\$2,455,695.79
TOTAL	109,558	\$172,544,243.83	109,609	\$172,651,591.70

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ALL SYSTEMS		COMBINED DAILY AND MONTHLY RETIREE PAYROLL TOTALS		
		DAILY PAYROLL**	MONTHLY PAYROLL	PAYROLL TOTALS
MONTH	YEAR	\$	\$	\$
JULY	2018	\$53,320,192.64	\$170,259,902.34	\$223,580,094.98
AUGUST	2018	\$5,536,639.64	\$171,846,546.90	\$177,383,186.54
SEPTEMBER	2018	\$2,533,120.87	\$172,341,530.78	\$174,874,651.65
OCTOBER	2018	\$4,028,253.51	\$172,496,180.83	\$176,524,434.34
NOVEMBER	2018	\$0.00	\$172,544,243.83	\$172,544,243.83
DECEMBER	2018	\$0.00	\$172,651,591.75	\$172,651,591.75
DECEMBER 15th	2018	\$0.00	\$0.00	\$0.00
JANUARY	2019	\$0.00	\$0.00	\$0.00
FEBRUARY	2019	\$0.00	\$0.00	\$0.00
MARCH	2019	\$0.00	\$0.00	\$0.00
APRIL	2019	\$0.00	\$0.00	\$0.00
MAY	2019	\$0.00	\$0.00	\$0.00
JUNE	2019	\$0.00	\$0.00	\$0.00
YTD		\$65,418,206.66	\$1,032,139,996.43	\$1,097,558,203.09

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Mr. Frantom reported that the total fiscal year-to-date payroll amount totaled more than \$1.1 billion. He 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.

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

Investment Report | Mr. Hoeniges presented the Report of Investments for the period ending October 31, 2018. He reported that as of October 31, 2018, the market value of the PERS investment portfolio was \$27.3 billion.

Mr. Hoeniges reported that PERS currently has 38 investment managers, managing 58 different portfolios. He reported that the total Securities Lending earnings amount for FY 2019 totals more than \$6.3 million.

Mr. Hoeniges presented the Consolidated Portfolio Summary:

Consolidated Portfolio Summary

As of: 09/30/2018

Asset Class	Book Value	% of Total Book Value	Market Value	% of Market Value
Domestic Equity	4,874,756,612.10	21.25%	7,304,468,533.62	26.73%
Fixed Income	5,785,259,461.06	25.22%	5,631,636,560.89	20.61%
International Equity	7,990,903,929.64	34.84%	8,655,011,194.25	31.68%
Real Estate	1,835,303,165.00	8.00%	2,849,224,914.74	10.43%
Private Equity	1,686,373,935.33	7.35%	2,145,116,271.47	7.85%
Cash & Cash Equivalent In-House	328,831,257.96	1.43%	328,831,257.96	1.20%
Cash & Cash Equivalent Manager	436,628,412.06	1.90%	409,721,395.90	1.50%
Total	22,938,056,773.15	100.00%	27,324,010,128.83	100.00%

Mr. Hoeniges presented the list of the FY 2019 fund transfers and the list of investment transactions processed in the PERS investments division since the October 23, 2018, PERS board meeting. He requested board certification of the investment transactions and board approval of the Investment Report.

The motion was made by Dr. Childress, seconded by Dr. Rutledge, which motion duly passed, to approve the Investment Report presented by staff and to certify the investment transactions and fund transfers for FY 2019, to date. Voting for: Benson, Breland, Childress, Dale, Hanna, Howard, McCoy, Rutledge, and Snyder. Voting against: none. Absent: Graham.

Mr. Higgins reported that the Board of Trustees' 2019 Educational Retreat has been set for May 9-10, 2019, at the Alluvian Hotel, in Greenwood, Mississippi.

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Mr. Higgins advised that, in addition to the conferences and continuing education events listed on the agenda, the Callan College events, which were previously approved by the board, are being held April 16-17, 2019 and July 23-24, 2019, in San Francisco, and October 15-16, 2019, in Chicago.

There being no additional business, the motion was made by Dr. McCoy, seconded by Dr. Rutledge, which motion duly passed, to adjourn the meeting. Voting for: Benson, Breland, Childress, Dale, Hanna, Howard, McCoy, Rutledge, and Snyder. Voting against: none. Absent: Graham.

The meeting adjourned at 2:27 p.m.

Respectfully Submitted,



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



Kelly Breland
Chair
PERS Board of Trustees

HRH: maj