

# MINUTES | BOARD OF TRUSTEES

Public Employees' Retirement System of Mississippi

August 22, 2023 | PERS Board Room

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## Board of Trustees Meeting Agenda

Tuesday, August 22, 2023

1:00 P.M.

- I. Call to Order (*Ms. Kim Hanna, Chair*)
  - A. Invocation
  - B. Pledge of Allegiance
  - C. Approval of Agenda
  - D. Approval of Minutes – June 27, 2023
  - E. Employee of the Quarter- October-December 2023
- II. Report of Administrative Committee (*Dr. Randy McCoy*)
  - A. Approval of FY 2025 Administrative Budget Request
  - B. Actuarial Assumptions
  - C. Phase in of Employer Contribution Rate
  - D. Potential Tier 5 and Other Options
  - E. MHP Funding Policy
  - F. SLRP Funding Policy
  - G. Other
- III. Report of Claims Committee (*Mr. Bill Benson*)
  - A. Certification for Delinquent Contributions-Southwest Mississippi Behavioral Health Commission and Jefferson County Hospital
  - B. Other
- IV. Report of Defined Contribution Committee (*Dr. Brian Rutledge*)
  - A. Annual Investment Policy Reviews
    - MDC
    - ORP
  - B. Other
- V. Report of Investment Committee (*Mr. Kelly Breland*)
  - A. Annual PERS Investment Policy Review
  - B. Other
- VI. Retiree Insurance Advisory Committee
  - A. Approval of Medicare Supplement Open Enrollment and Premium Rate Increase
- VII. Disability Appeals Committee
- VIII. Staff Reports
  - A. Retiree Report
  - B. Investment Report
- IX. Staff and Trustee Continuing Education
  - A. 2023 Conferences and Training
    - IFEBP CAPP (i) Pension Part 1; September 30 – October 1, 2023; Boston
    - NCTR 101st Annual Conference; October 7-11, 2023, La Jolla, CA
- X. Adjourn

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**Board Members:**

Ms. Kim Hanna, *Board Chair*  
Mr. Kelly Breland, *Board Vice Chair*  
Mr. Bill Benson  
Mr. George Dale  
Mr. Chris Graham

Mr. Chris Howard  
Dr. Randy McCoy  
State Treasurer David McRae  
Dr. Brian Rutledge  
Dr. Jay Smith

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The Public Employees' Retirement System of Mississippi (PERS) Board of Trustees met Tuesday, August 22, 2023, at 429 Mississippi Street, Jackson, MS 39201. This meeting was duly announced to the public Wednesday, August 9, 2023, at 3:26 p.m., on the Public Meetings Notice website of the Mississippi Department of Finance and Administration, as well as was posted in the PERS lobby and on the PERS website.

## BOARD MEMBER ATTENDEES

**In Person:** Board Chair Ms. Kimberly Hanna, Mr. Bill Benson, Mr. Kelly Breland, Mr. George Dale, Mr. Chris Graham, Mr. Chris Howard, State Treasurer David McRae, Dr. Randy McCoy, Dr. Brian Rutledge, and Dr. Jay Smith.

**Via Teleconference:** None.

**Absent:** None.

**Current Board Vacancies:** None.

## LEGISLATIVE LIAISON ATTENDEES

**Absent:** Representative Karl Oliver, Representative John Read, and Senator David Blount.

## STAFF ATTENDEES

**In Person:** Executive Director Ray Higgins; Senior Deputy Director Office of Administrative Services and Chief of Staff Terri Hudson; Chief Investment Officer Charles Nielsen; Counsel and Policy Advisor Davetta Lee; Member and Employer Services Deputy Director Mason Frantom; Benefit Services Deputy Director Lisa Green; Jason Clark, Investments; Chief Financial Officer Cindy Ogletree; Melanie Estridge, Christy Smith, LaMelody Lewis, and Cindy Byars, Accounting; Member and Employer Services Mariam Clayton; Benefit Payments Program Administrator Susan Lyon; Employer Reporting Program Administrator Alisa Evans; Customer Services Program Administrator LaCarole Smith; Chief Technology Officer Mike Lowry; Billy Means, Christy McCombs, Meghan Humber, William Bilbro, Janet Mobley, Loren Cameron, and Ryan Davy, Information Technology; and Communications Director Shelley Powers.

## GUEST ATTENDEES

**In Person:** Assistant Attorney General Amy Gamble; Ed Koebel, Cavanaugh Macdonald; Brandon Mayor Butch Lee; Ray Wright, Joint Legislative Committee on Performance Evaluation and Expenditure Review; Hattiesburg Mayor Toby Barker; Allan Cooper, Mississippi Department of Finance and Administration; Larry McMurtry; Albert Lee; and Phil and Peggy Sutphin, Retired Education Personnel of Mississippi.

## CALL TO ORDER

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

## INVOCATION

Smith gave the invocation.

## PLEDGE OF ALLEGIANCE

Hanna led the Pledge of Allegiance.

## AGENDA

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

## MINUTES

- **Motion:** To approve the minutes of the June 27, 2023, PERS Board of Trustees' meeting.
  - **Made by:** Dale.
  - **Seconded by:** Benson.
  - **Discussion:** None.
  - **Voting for:** Benson, Breland, Dale, Graham, Hanna, Howard, McCoy, McRae, Rutledge, and Smith.
  - **Voting against:** None.
  - **Absent:** None.
  - **Duly Passed.**

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## EMPLOYEE OF THE QUARTER

Hanna presented the Employee of the Quarter for October through December 2023 to McCombs.

## REPORT OF THE ADMINISTRATIVE COMMITTEE

Committee Chair McCoy reported that the Administrative Committee met the morning of August 22, 2023, and approved the following items for Board consideration.

### Approval of FY 2025 Final Administrative Budget Request

McCoy presented the Board with the FY 2025 Administrative Budget Request and asked for final adoption.

- **Motion:** To approve final adoption of the FY 2025 Administrative Budget Request.
  - **Made by:** McCoy.
  - **Seconded by:** Dale.
  - **Discussion:** None.
  - **Voting for:** Benson, Breland, Dale, Graham, Hanna, Howard, McRae, McCoy, Rutledge, and Smith.
  - **Voting against:** None.
  - **Absent:** None.
  - **Duly Passed.**

*(Addendum A – FY 2025 Final Administrative Budget Request)*

### Actuarial Assumptions

McCoy presented the Board with proposed changes to actuarial assumptions as recommended by staff and Cavanaugh Macdonald.

- **Motion:** To approve changes to demographic assumptions, as recommended.
  - **Made by:** McCoy.
  - **Seconded by:** Howard.
  - **Discussion:** None.
  - **Voting for:** Benson, Breland, Graham, Dale, Hanna, Howard, McRae, McCoy, Rutledge, and Smith.
  - **Voting against:** None.
  - **Absent:** None.
  - **Duly Passed.**
- **Motion:** To approve changes to economic assumptions, which lowered the assumed rate of return from 7.55 percent to 7 percent, as recommended.
  - **Made by:** McCoy.
  - **Seconded by:** Benson.
  - **Discussion:** None.
  - **Voting for:** Benson, Breland, Dale, Hanna, Howard, McRae, Rutledge, and Smith.
  - **Voting against:** McCoy and Graham.
  - **Absent:** None.
  - **Duly Passed.**

*(Addendum B – Actuarial Assumptions Presentation)*

### Phase In of Employer Contribution Rate

McCoy presented the Board a proposal to phase in the previously approved PERS employer contribution rate increase from 17.4 percent of earned compensation to 22.4 percent, which is to occur over three years beginning July 1, 2024. Actuarial projections with an assumed rate of return of 7 percent currently reflect an ultimate potential employer contribution rate of approximately 27.4 percent. This potential future rate will be updated in annual actuarial reports, typically presented each December.

- **Motion:** To approve the phase in of the previously approved PERS employer contribution rate at 2 percent each year until it reaches the amount recommended by the actuary and approved by the Board, initially increasing from 17.4 percent to 19.4 percent effective July 1, 2024.
  - **Made by:** McCoy.
  - **Seconded by:** Benson.
  - **Discussion:** None.

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

## Potential Tier 5 and Other Options

McCoy presented the Board with a potential Tier 5 for PERS and other options.

- **Motion:** To approve developing legislation for consideration of a potential Tier 5 defined benefit plan very similar to Tier 4 but with an ad hoc COLA and four-year vesting and including with the proposal a request for funding, cash infusion, or direct appropriations for unfunded benefits of the past.
  - **Made by:** McCoy.
  - **Seconded by:** Breland.
  - **Discussion:** None.
  - **Voting for:** Benson, Breland, Graham, Dale, Hanna, Howard, McRae, McCoy, Rutledge, and Smith.
  - **Voting against:** None.
  - **Absent:** None.
  - **Duly Passed.**
  
- **Motion:** To adopt the proposal recommended by staff pursuing legislation for the Optional Retirement Plan to cap the current ORP employer rate at 17.4 percent and add a new ORP tier for members who join on or after July 1, 2025, with an employer match at 9 percent to participant accounts.
  - **Made by:** McCoy.
  - **Seconded by:** Benson.
  - **Discussion:** None.
  - **Voting for:** Benson, Breland, Graham, Dale, Hanna, Howard, McRae, McCoy, Rutledge, and Smith.
  - **Voting against:** None.
  - **Absent:** None.
  - **Duly Passed.**
  
- **Motion:** To approve pursuing legislation to prospectively move the cost-of-living adjustment (COLA) from an annual default to a monthly default for those members who retire on or after July 1, 2024, retaining the option for a single COLA payout annually.
  - **Made by:** McCoy.
  - **Seconded by:** Rutledge.
  - **Discussion:** None.
  - **Voting for:** Benson, Breland, Graham, Dale, Hanna, Howard, McRae, McCoy, Rutledge, and Smith.
  - **Voting against:** None.
  - **Absent:** None.
  - **Duly Passed.**

*(Addendum C – Potential Tier 5 and Other Options)*

## MHP Funding Policy

McCoy presented the Board with a revised Mississippi Highway Safety Patrol Retirement System Funding Policy that applies the same signal-light approach adopted for PERS Funding Policy in June 2018. This approach incorporates the use of three metrics to include analysis of the Funded Ratio, Cash Flow as a Percentage of Assets, and the Actuarially Determined Contribution and uses green, yellow, and red signal indicators to measure the performance of each metric.

- **Motion:** To adopt a new funding policy for the Mississippi Highway Safety Patrol Retirement System that incorporates the signal-light approach to measuring performance metrics, as recommended by staff.
  - **Made by:** McCoy.
  - **Seconded by:** Graham.
  - **Discussion:** None.
  - **Voting for:** Benson, Breland, Graham, Dale, Hanna, Howard, McRae, McCoy, Rutledge, and Smith.
  - **Voting against:** None.
  - **Absent:** None.
  - **Duly Passed.**

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*(Addendum D – MHP Funding Policy)*

## SLRP Funding Policy

McCoy presented the Board with a revised Supplemental Legislative Retirement Plan Funding Policy that applies the same signal-light approach adopted for PERS Funding Policy in June 2018. This approach incorporates the use of three metrics to include analysis of the Funded Ratio, Cash Flow as a Percentage of Assets, and the Actuarially Determined Contribution and uses green, yellow, and red signal indicators to measure the performance of each metric.

- **Motion:** To adopt a new funding policy for the Supplemental Legislative Retirement Plan that incorporates the signal-light approach to measuring performance metrics, as recommended by staff.
  - **Made by:** McCoy.
  - **Seconded by:** Graham.
  - **Discussion:** None.
  - **Voting for:** Benson, Breland, Graham, Dale, Hanna, Howard, McRae, McCoy, Rutledge, and Smith.
  - **Voting against:** None.
  - **Absent:** None.
  - **Duly Passed.**

*(Addendum E – SLRP Funding Policy)*

- **Motion:** To approve the Supplemental Legislative Retirement Plan employer contribution rate increase from 7.4 percent to 8.4 percent going into effect July 1, 2024.
  - **Made by:** McCoy.
  - **Seconded by:** Benson.
  - **Discussion:** None.
  - **Voting for:** Benson, Breland, Graham, Dale, Hanna, Howard, McRae, McCoy, Rutledge, and Smith.
  - **Voting against:** None.
  - **Absent:** None.
  - **Duly Passed.**

## REPORT OF THE CLAIMS COMMITTEE

Committee Chair Benson reported that the Claims Committee met the morning of August 22, 2023, and approved the following item for Board consideration.

### Update on Delinquent Contributions

Benson gave an update on the delinquent contribution status of Jefferson County Hospital and Southwest Mississippi Behavioral Health Commission (SMBHC). He reported that SMBHC payments have been brought current and the commission has closed, which should conclude its dealings with PERS. No action was needed for the SMBHC matter.

- **Motion:** To certify \$65,750.89 in contribution payments and penalties due from Jefferson County Hospital and request staff to recover such amounts from state funds due the agency, including taking any legal steps necessary.
  - **Made by:** Benson.
  - **Seconded by:** Breland.
  - **Discussion:** None.
  - **Voting for:** Benson, Breland, Dale, Graham, Hanna, Howard, McCoy, McRae, Rutledge, and Smith.
  - **Voting against:** None.
  - **Absent:** None.
  - **Duly Passed.**

## REPORT OF THE DEFINED CONTRIBUTION COMMITTEE

Committee Chair Rutledge reported that the Defined Contribution Committee met the morning of August 21, 2023, and heard a market update and performance review from Callan, an annual review of Mississippi Deferred Compensation, and miscellaneous updates. Rutledge also presented the following items for Board consideration.

### Annual Investment Policy Reviews

Rutledge presented the Mississippi Deferred Compensation Plan (MDC) and the Optional Retirement Plan (ORP) Annual Investment Policy Statements Reviews (IPs). He advised that the IPs were being presented by staff for customary annual review and approval with no substantive changes recommended.

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- **Motion:** To approve revisions to the Mississippi Deferred Compensation Plan Investment Policy and Optional Retirement Plan Investment Policy as recommended by staff.
  - **Made by:** Rutledge.
  - **Seconded by:** McCoy.
  - **Discussion:** None.
  - **Voting for:** Benson, Breland, Dale, Graham, Hanna, Howard, McCoy, McRae, Rutledge, and Smith.
  - **Voting against:** None.
  - **Absent:** None.
  - **Duly Passed.**

*(Addendum F – MDC Investment Policy Review)*

*(Addendum G – ORP Investment Policy Review)*

## Mississippi Deferred Compensation | Secure 2.0

Rutledge presented proposed amendments to the Mississippi Deferred Compensation Plan Document based on the Secure 2.0 Act of 2022, which was enacted December 29, 2022.

- **Motion:** To approve proposed amendments to the Mississippi Deferred Compensation Plan Document based on the Secure 2.0 Act of 2022 effective December 1, 2023.
  - **Made by:** Rutledge.
  - **Seconded by:** Benson.
  - **Discussion:** None.
  - **Voting for:** Benson, Breland, Dale, Graham, Hanna, Howard, McCoy, McRae, Rutledge, and Smith.
  - **Voting against:** None.
  - **Absent:** None.
  - **Duly Passed.**
- **Motion:** To approve suspension of Age 50 Plus Catch-Up Contributions effective January 1, 2024.
  - **Made by:** Rutledge.
  - **Seconded by:** McCoy.
  - **Discussion:** None.
  - **Voting for:** Benson, Breland, Dale, Graham, Hanna, Howard, McCoy, McRae, Rutledge, and Smith.
  - **Voting against:** None.
  - **Absent:** None.
  - **Duly Passed.**

*(Addendum H – Mississippi Deferred Compensation, Secure 2.0)*

## REPORT OF THE INVESTMENT COMMITTEE

Committee Chair Breland reported that the Investment Committee met the morning of August 21, 2023, and heard a market update and performance review from Callan; and update on private credit, updates from Cohen & Steers and CenterSquare REIT managers; and various miscellaneous updates. He also presented the following item for Board consideration.

### Annual PERS Investment Policy Review

Breland presented the PERS Investment Policy Review (IPS). He advised that the IPS was being presented by staff for customary annual review and approval with minor edits.

- **Motion:** To approve revisions to the PERS Investment Policy Statement as recommended by staff.
  - **Made by:** Breland.
  - **Seconded by:** Benson.
  - **Discussion:** None.
  - **Voting for:** Benson, Breland, Dale, Graham, Hanna, Howard, McCoy, McRae, Rutledge, and Smith.
  - **Voting against:** None.
  - **Absent:** None.
  - **Duly Passed.**

*(Addendum I – PERS Investment Policy Review)*

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## RETIREE INSURANCE ADVISORY COMMITTEE

Higgins presented the Board with a recommendation from the Retiree Insurance Advisory Committee to hold an open enrollment period for the Medicare Supplement to run from October 1, 2023, through November 30, 2023, and for a 7.5 percent rate increase in the premium. Higgins said the plan has not had a premium increase in the last couple of years.

- **Motion:** To approve an open enrollment period for the Medicare Supplement to run from October 1, 2023, through November 30, 2023, and a 7.5 percent premium rate increase.
  - **Made by:** Rutledge.
  - **Seconded by:** McCoy.
  - **Discussion:** None.
  - **Voting for:** Benson, Breland, Dale, Graham, Hanna, Howard, McCoy, McRae, Rutledge, and Smith.
  - **Voting against:** None.
  - **Absent:** None
  - **Duly Passed.**

*(Addendum J – Medicare Supplement Open Enrollment and Premium Rate Increase)*

## REPORT OF THE DISABILITY APPEALS COMMITTEE

Higgins presented the recommendations to the Board of the Disability Appeals Committee (DAC).

The DAC heard sworn testimony, received evidence, and gave due consideration to the applicable laws and regulations for the following case:

PERS No. 23-03 - This matter came on for hearing before the DAC May 22, 2023. The DAC 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.

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

*(Addendum K – Disability Appeals Report)*

## RETIREE REPORT

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

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

*(Addendum L - Retiree Report)*

## INVESTMENT REPORT

Higgins presented the Investment Report. He requested board approval of this report, as well as of all trades and transactions performed by the PERS Investments division since the June 27, 2023, board meeting.

- **Motion:** To approve the Investment Report, as well as all trades and transactions performed by the PERS Investments division since the June 27, 2023, board meeting.
  - **Made by:** Breland.
  - **Seconded by:** McRae.

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

*(Addendum M - Investment Report)*

## STAFF AND TRUSTEE CONTINUING EDUCATION

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

## ADJOURN

*Hanna called the meeting adjourned at 1:18 p.m.*

Respectfully Submitted,

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

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Ms. Kim Hanna  
*Chair*  
PERS Board of Trustees

HRH