

MINUTES | BOARD OF TRUSTEES

Public Employees' Retirement System of Mississippi

December 19, 2023 | PERS Board Room

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Board of Trustees Meeting Agenda

Tuesday, December 19, 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 – October 24, 2023**
 - E. **Employee of Quarter- (January-March 2024)**

- II. **Report of Administrative Committee** (*Dr. Randy McCoy*)
 - A. **FY 2023 Actuarial Reports Presentation**
 - B. **Other**

- III. **Report of Audit Committee** (*Mr. Chris Graham*)
 - A. **Annual Comprehensive Financial Report (ACFR)**
 - B. **External Audit Results**
 - C. **Other**

- IV. **Report of Claims Committee** (*Mr. Bill Benson*)
 - A. **Certification for Delinquent Contributions-Jefferson County Hospital**
 - B. **Other**

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

- VI. **Report of Legislative Committee** (*Mr. George Dale*)
 - A. **Other**

- VII. **Report of Investment Committee** (*Mr. Kelly Breland*)
 - A. **Watchlist**
 - B. **Initiate Search for International Small Cap**
 - C. **Other**

- VIII. **Disability Appeals Committee**

- IX. **Staff Reports**
 - A. **Retiree Report**
 - B. **Investment Report**

- X. **Adjourn**

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, December 19, 2023, at 429 Mississippi Street, Jackson, MS 39201. This meeting was duly announced to the public Friday, December 1, 2023, at 12:22 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, Dr. Randy McCoy, State Treasurer David McRae, Dr. Brian Rutledge, and Dr. Jay Smith.

Via Teleconference: None.

Absent: Mr. Chris Howard.

Current Board Vacancies: None.

LEGISLATIVE LIAISON ATTENDEES

In Person: None.

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; Member Account Support Program Administrator Chris Hudson; Benefit Payments Program Administrator Susan Lyon; Chief Financial Officer Cindy Ogletree; Melanie Estridge, Christy Smith, and Cindy Byars, Accounting; Retirement Services Program Administrator Terri Bennett; Customer Services Program Administrator LaCarole Smith; Chief Technology Officer Mike Lowry; Ryan Davy, Janet Mobley, and William Bilbro, Information Technology; David DeGuire, Investments; Employer Reporting Program Administrator Alisa Evans; Christian Wilkins, Adrienne Moore, John Byars, Shana Jackson, Jade Brown, Christina Beall, Jamekia Turner, Keturah Minor, Shanice Killingsworth, David Evans, and JoAnne Jackson, Employer Reporting; and Communications Director Shelley Powers.

GUEST ATTENDEES

In Person: Assistant Attorney General Caroline Johnson; Brad Berls, Eide Bailly LLP; Tom Wygul and Yerger Lurate, Harper, Rains, Knight & Company; Kelly Riley, Mississippi Public Educators; Bonnie Granger, Steve Allen, Hida Westbrook, Emily Pote, and Mike Larsen, Mississippi Retired Public Employees' Association; Lee Ann Robinson, Lee Pittman, and Corbin Stanford, Legislative Budget Office; Ed Koebel, Darby Carraway, and Ben Mobley, Cavanaugh Macdonald; Phil Sutphin, Retired Education Personnel of Mississippi; David and Ran Jay Bradberry; Allan Cooper, Mississippi Department of Finance and Administration; Johnny Bass and J. Allen Sandifer, Professional Firefighters Association of Mississippi; Jimmy Hendrix, Jackson Jambalaya; and Ray Wright, Mississippi Joint Legislative Committee on Performance Evaluation.

CALL TO ORDER

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

INVOCATION

McCoy gave the invocation.

PLEDGE OF ALLEGIANCE

McCoy led the Pledge of Allegiance.

AGENDA

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

EMPLOYEE OF THE QUARTER

Hanna presented the Employee of the Quarter for January through March 2024 to Evans.

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MINUTES

- **Motion:** To approve the minutes of the October 24, 2023, PERS Board of Trustees' meeting.
 - **Made by:** Benson.
 - **Seconded by:** Rutledge.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Graham, Hanna, McCoy, McRae, Rutledge, and Smith.
 - **Voting against:** None.
 - **Absent:** Howard.
 - **Duly Passed.**

REPORT OF THE ADMINISTRATIVE COMMITTEE

Committee Chair McCoy reported that the Administrative Committee met the morning of December 19, 2023, and approved the following item for Board consideration.

FY 2023 ACTUARIAL REPORTS PRESENTATION

McCoy presented to the Board the fiscal year 2023 Actuarial Reports for PERS, Mississippi Highway Safety Patrol Retirement System (MHSPRS), the Supplemental Legislative Retirement System (SLRP), and the Municipal Retirement System (MRS).

- **Motion:** That the committee heard and received the FY 2023 actuarial reports.
 - **Made by:** McCoy.
 - **Seconded by:** Rutledge.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Graham, Hanna, McCoy, McRae, Rutledge, and Smith.
 - **Voting against:** None.
 - **Absent:** Howard.
 - **Duly Passed.**

(Addendum A – FY 2023 Actuarial Valuations)

REPORT OF THE AUDIT COMMITTEE

Committee Chair Graham reported that the Audit Committee met the morning of December 19, 2023, and heard an internal audit report, which did not require committee or board action. Graham also presented the following items for Board approval.

Annual Comprehensive Financial Report (ACFR)

Graham presented PERS's FY 2023 Annual Comprehensive Financial Report (ACFR) for approval.

(Addendum B – FY 2023 ACFR)

External Audit Results

Graham presented the Board with the FY 2023 external audit report from Eide Bailey for approval and reported that PERS received an unmodified opinion, which is a clean report with no adjusting entries or findings noted on internal controls. Graham thanked both the staff and Hudson for their good work.

(Addendum C – External Audit Results)

- **Motion:** To accept the FY 2023 Annual Comprehensive Financial Report and accept the FY 2023 external audit results, as presented.
 - **Made by:** Graham.
 - **Seconded by:** Breland.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Graham, Hanna, McRae, McCoy, Rutledge, and Smith.
 - **Voting against:** None.
 - **Absent:** Howard.
 - **Duly Passed.**

REPORT OF THE CLAIMS COMMITTEE

Committee Chair Benson reported that the Claims Committee met the morning of December 19, 2023, and heard an update on the delinquent contribution status of Jefferson County Hospital, \$41,696.04. He said PERS would continue to monitor the situation closely for timeliness of payments and continuation of keeping current with contributions.

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- **Motion:** To certify the delinquent contributions from Jefferson County Hospital of \$41,696.04 and approve staff to take any legal steps necessary to recover these amounts.
 - **Made by:** Benson.
 - **Seconded by:** Graham.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Graham, Hanna, McCoy, McRae, Rutledge, and Smith.
 - **Voting against:** None.
 - **Absent:** Howard.
 - **Duly Passed.**

REPORT OF THE DEFINED CONTRIBUTION COMMITTEE

Committee Chair Rutledge reported that the Defined Contribution Committee met December 18, 2023, and heard a market update and performance review from Callan on Mississippi Deferred Compensation and the Optional Retirement Plan. He said the committee also heard an update on the defined contribution watchlist and miscellaneous updates. No committee action was taken.

REPORT OF THE LEGISLATIVE COMMITTEE

Committee Chair Dale reported that the Legislative Committee met the morning of December 19, 2023, and heard a request from Taylor, a retiree asking for a law change regarding benefits she did not receive after her divorce decree was amended with her former husband. Dale said no action was taken but that staff would look further into the issue and report back as soon as possible. Dale also said the committee heard an update on legislation for the 2024 session for information only.

REPORT OF THE INVESTMENT COMMITTEE

Committee Chair Breland reported that the Investment Committee met December 18, 2023, and heard a market update and performance review from Callan; an Iran Divestment Act of 2015 Exposure Review, Israel Support Act of 2019 update, and various miscellaneous updates. He said the committee held a discussion on the presented fixed income update. No committee action was taken on these items. Breland reported that the fund experienced a -4.5 percent return from July to October but, from July through December, the return was 3.75 percent. He also presented the following items for Board consideration.

Watchlist

Breland presented the Board with PERS' watchlist and the following staff recommendation: Remove Lazard Asset Management Emerging Markets from the list due to improvement in exceeding benchmark.

- **Motion:** To approve removing Lazard Asset Management Emerging Markets from the watchlist.
 - **Made by:** Breland.
 - **Seconded by:** McCoy.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Graham, Hanna, McCoy, McRae, Rutledge, and Smith.
 - **Voting against:** None.
 - **Absent:** Howard.
 - **Duly Passed.**

(Appendix D – PERS Watchlist)

Initiate Search for International Small Cap

Breland presented Board an overview of Mondrian International Small Cap's performance and staff recommendation to initiate a search to find a potential replacement for Mondrian based on performance, risk statistics, and fees and other options that better align with PERS' long-term goals.

- **Motion:** To approve staff recommendation to begin search to find potential replacement for Mondrian International Small Cap.
 - **Made by:** Breland.
 - **Seconded by:** McRae.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Graham, Hanna, McCoy, McRae, Rutledge, and Smith.
 - **Voting against:** None.
 - **Absent:** Howard.
 - **Duly Passed.**

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(Appendix E – Search for International Small Cap)

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. 23-09 - This matter came on for hearing before the DAC October 2, 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 duty-related disability benefits be approved.

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

(Appendix F – Disability Appeals Summary)

RETIREE REPORT

Higgins presented the Retiree Report for the Board's approval. He noted the \$836 million in lump-sum Cost-of-Living Adjustment payments for December.

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

(Addendum G - 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 October 24, 2023, board meeting.

- **Motion:** To approve the Investment Report, as well as all trades and transactions performed by the PERS Investments division since the October 24, 2023, board meeting.
 - **Made by:** Benson.
 - **Seconded by:** Graham.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Graham, Hanna, McCoy, McRae, Rutledge, and Smith.
 - **Voting against:** None.
 - **Absent:** Howard.
 - **Duly Passed.**

(Addendum H - Investment Report)

ADJOURN

Hanna called the meeting adjourned at 1:13 p.m.

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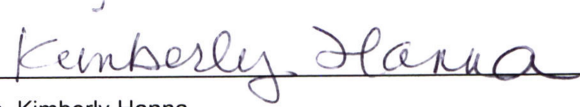
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Respectfully Submitted,



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

HRH



Ms. Kimberly Hanna
Chair
PERS Board of Trustees