

MINUTES | BOARD OF TRUSTEES

Public Employees' Retirement System of Mississippi

April 24, 2024 | PERS Board Room

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Board of Trustees Meeting Agenda Wednesday, April 24, 2024 1:00 P.M.

- A. Call to Order (*Mr. Kim Hanna, Chair*)
 - A. Invocation
 - B. Pledge of Allegiance
 - C. Approval of Agenda
 - D. Approval of Minutes – February 28, 2024
 - E. Approval of Minutes- March 15, 2024
- B. Report of Administrative Committee (*Dr. Randy McCoy*)
 - A. Regulation 59: Plan Assumptions
 - B. Regulation 60: Contribution Rates
 - C. Regulation 43: Interest Rates
 - D. Funding Policy Update
 - E. Upcoming Board Elections Schedule
 - F. Other
- C. Report of Claims Committee (*Mr. Bill Benson*)
 - A. Certification for Delinquent Contributions – Jefferson County Hospital
 - B. Other
- D. Report of Defined Contribution Committee (*Dr. Brian Rutledge*)
 - A. ORP Plan Document
 - B. Other
- E. Report of Legislative Committee (*Mr. George Dale*)
 - A. Other
- F. Report of Investment Committee (*Mr. Kelly Breland*)
 - A. Small Cap International Manager Search Selection
 - B. New Private Equity Series- GCM
 - C. New Real Estate Series-Heitman VP Fund VI
 - D. Other
- G. Disability Appeals Committee
- H. Staff Reports
 - A. Retiree Report
 - B. Investment Report
- I. Staff and Trustee Continuing Education
 - A. NCTR 24th Annual Trustee Workshop; July 21-24, Berkeley, CA
 - B. NASRA 2024 Annual Conference; August 3-7, 2024; Pittsburgh, Pennsylvania
 - C. NCTR 102nd Conference; October 5-9, 2024; Atlanta, GA
- J. Economic Interest Disclosures
- K. 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 Wednesday, April 24, 2024, at 429 Mississippi Street, Jackson, MS 39201. This meeting was duly announced to the public Tuesday, April 16, 2024, at 10:33 a.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. 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: Mr. Bill Benson.

Absent: None.

Current Board Vacancies: None.

LEGISLATIVE LIAISON ATTENDEES

In Person: None.

STAFF ATTENDEES

In Person: Executive Director Ray Higgins; Senior Deputy Administrator Office of Administrative Services and Chief of Staff Terri Hudson; Counsel and Policy Advisor Davetta Lee; Chief Investment Officer Charles Nielsen; Member and Employer Services Deputy Director Mason Frantom; Benefit Services Deputy Director Lisa Green; Ryan Holliday and David DeGuire, Investments; Chief Technology Officer Mike Lowry; Ryan Davy, Information Technology; Comptroller Melanie Estridge; Cindy Byars, Christy Smith, and LaMelody Lewis, Accounting; Employer Reporting Program Administrator Alisa Evans; Benefit Payments Program Administrator Susan Lyon; Retirement Education Program Administrator LaCarole Smith; Member Account Support Program Administrator Chris Hudson; Service Retirement Program Administrator Terri Bennett, Mariam May-Clayton, Member and Employer Services; and Communications Director Shelley Powers.

GUEST ATTENDEES

In Person: Assistant Attorney General Caroline Johnson; Ray Wright and Drew Allen, Mississippi Joint Legislative Committee on Performance Evaluation; Emily Tschiffely, Legislative Budget Office; Ed Koebel, Cavanaugh Macdonald; John Jackson, Callan; Allan Cooper, Mississippi Department of Finance and Administration; Phil Sutphin, Retired Education Personnel of Mississippi; George Welu and Kathryn Watson, Jackson State University; Yerger Lurate, Haper, Rains, Knight & Company; Toren Ballard, Mississippi First; and Emily Pote, Mike Larsen, and Ed LeGrand, Mississippi Retired Public Employees' Association.

CALL TO ORDER

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

INVOCATION

Graham gave the invocation.

PLEDGE OF ALLEGIANCE

Graham 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 February 28, 2024, PERS Board of Trustees' meeting.
 - **Made by:** Howard.
 - **Seconded by:** Breland.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Graham, Hanna, Howard, McCoy, McRae, Rutledge, and Smith.
 - **Voting against:** None.
 - **Absent:** None.

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- Duly Passed.
- **Motion:** To approve the minutes of the March 15, 2024, special called PERS Board of Trustees' meeting.
 - **Made by:** Rutledge.
 - **Seconded by:** McRae.
 - **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 ADMINISTRATIVE COMMITTEE

Committee Chair McCoy reported that the Administrative Committee met the morning of April 24, 2024, and approved the following items for Board consideration.

Regulation 59: Plan Assumptions

McCoy presented the Board with staff-recommended changes to Regulation 59 for final approval. The amendments would update the actuarial assumptions for PERS, SLRP, and MHSPRS, effective July 1, 2024.

- **Motion:** To provide final approval of staff-recommended changes to Regulation 59 to update actuarial assumptions for PERS, SLRP, and MHSPRS, effective July 1, 2024.
 - **Made by:** McCoy.
 - **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.**

(Addendum A – Regulation 59 Revisions)

PERS Regulation 60: Contribution Rates

McCoy presented the Board with staff-recommended changes to Regulation 60 for final approval. The amendments would update the employer contribution rate for PERS and ORP from 17.4 percent to 19.4 percent, as approved by the Board in accordance with law that ORP employers contribute the same amount as would be required if the PERS participant were a member. The amendment would also update the employer contribution rate for SLRP from 7.4 percent to 8.4 percent, as approved by the Board. Both amendments would be effective July 1, 2024.

- **Motion:** To provide final approval of staff-recommended changes to Regulation 60 to update the employer contribution rate for PERS and ORP (17.4 percent to 19.4 percent) and SLRP (7.4 percent to 8.4 percent), effective July 1, 2024.
 - **Made by:** McCoy.
 - **Seconded by:** Benson.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Graham, Hanna, Howard, McCoy, Rutledge, and Smith.
 - **Voting against:** McRae.
 - **Absent:** None.
 - **Duly Passed.**

(Addendum B – Regulation 60 Revisions)

Regulation 43: Interest Rates

McCoy presented the Board with staff-recommended changes to Regulation 43 for final approval. The amendment would provide the current assumed rate of return and provide historical rates for July 1, 2021, through June 30, 2023.

- **Motion:** To provide final approval of staff-recommended changes to Regulation 43 to provide the current assumed rate of return and provide historical rates for July 1, 2021, through June 30, 2023.
 - **Made by:** McCoy.
 - **Seconded by:** Rutledge.
 - **Discussion:** None.

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

(Addendum C – Regulation 43 Revisions)

Funding Policy Updates

McCoy presented the Board with updates to the PERS Funding Policy, Mississippi Highway Safety Patrol Retirement System (MHSPRS) Funding Policy, and Supplemental Legislative Retirement Plan (SLRP) Funding Policy. The changes were primarily to reflect the last experience study and the Board's previous action to lower the assumed rate of return to 7 percent.

- **Motion:** To approve updates to the PERS Funding Policy.
 - **Made by:** McCoy.
 - **Seconded by:** Breland.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Graham, Hanna, Howard, McRae, McCoy, Rutledge, and Smith.
 - **Voting against:** None.
 - **Absent:** None.
 - **Duly Passed.**
- **Motion:** To approve updates to the MHSPRS Funding Policy.
 - **Made by:** McCoy.
 - **Seconded by:** Howard.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Graham, Hanna, Howard, McRae, McCoy, Rutledge, and Smith.
 - **Voting against:** None.
 - **Absent:** None.
 - **Duly Passed.**
- **Motion:** To approve updates to the SLRP Funding Policy.
 - **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 D – Funding Policy Updates)

Upcoming Board Election Schedule

McCoy presented the Board with the election schedules for the state employee representative term that runs January 2025 through December 2030 for the seat currently occupied by Breland and an unexpired term that runs June 2024 through June 2026 for the seat that will be left vacant when Howard retires May 1.

- **Motion:** To approve the election schedule for Howard's unexpired term that runs June 2024 through June 2026.
 - **Made by:** McCoy.
 - **Seconded by:** Rutledge.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Graham, Hanna, Howard, McRae, McCoy, Rutledge, and Smith.
 - **Voting against:** None.
 - **Absent:** None.
 - **Duly Passed.**
- **Motion:** To approve the election schedule for the state employee representative term that runs January 2025 through December 2030.
 - **Made by:** McCoy.
 - **Seconded by:** Howard.

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

(Addendum E – Board Election Schedule)

McCoy reported that, under the Other agenda item during the committee meeting, encouragement was given to all supporters of PERS to continue to contact legislators and request adequate funding for all the systems administered by PERS and to support the currently elected Board.

REPORT OF THE CLAIMS COMMITTEE

Board Chair Hanna reported that the Claims Committee met the morning of April 24, 2024, and heard an update on the delinquent contribution status of Jefferson County Hospital.

- **Motion:** To certify \$54,047.62 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:** McCoy.
 - **Seconded by:** Breland.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Graham, Hanna, Howard, McRae, McCoy, 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 April 23, 2024, and presented the Board with the following item for consideration.

ORP Plan Document

Rutledge presented the Board with staff-recommended amendments to the ORP Plan Document for final adoption.

Amend Section 4.1 *Plan Contributions* to update the employer contribution rate from 17.40 percent to 19.40 percent as approved by the Board. In accordance with Miss. Code Ann. § 25-22-411, ORP employers shall contribute the same amount the employer would be required to contribute to PERS if the participant were a member.

- **Motion:** To approve for final adoption the ORP Plan amendments as recommended by staff.
 - **Made by:** Rutledge.
 - **Seconded by:** McCoy.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Graham, Hanna, Howard, McRae, McCoy, Rutledge, and Smith.
 - **Voting against:** None.
 - **Absent:** None.
 - **Duly Passed.**

(Addendum F – ORP Plan Document)

REPORT OF THE LEGISLATIVE COMMITTEE

Committee Chair Dale reported that the Legislative Committee met the morning of April 24, 2024, and heard an overview of pending legislation for the 2024 session. No committee action was taken. Dale reported, however, that the committee held a lengthy and informative discussion of bills related to PERS.

REPORT OF THE INVESTMENT COMMITTEE

Committee Chair Breland reported that the Investment Committee met April 23, 2024, and heard a market update and performance review from Callan, updates from Nielsen, and updates from Epoch, Harding Loevner, Acadian, and LSV Global Value global investment managers. No committee actions were taken on these items. He reported to the Board a fiscal year-to-date return of 7.4 percent, which is down from the 9.15 percent at the end of March. Breland also presented the following items for Board consideration.

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Small Cap International Manager Search Selection

Breland presented the Board for approval the replacement of Mondrian Investment Partners with Northern Trust Asset Management (NTAM) as international small cap equity manager.

- **Motion:** To approve an approximately \$325 million contract awarded to Northern Trust Asset Management to replace Mondrian Investment Partners as international small cap equity manager.
 - **Made by:** Breland.
 - **Seconded by:** Graham.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Graham, Hanna, Howard, McCoy, McRae, Rutledge, and Smith.
 - **Voting against:** None.
 - **Absent:** None.
 - **Duly Passed.**

(Addendum G – Small Cap International Manager Search Selection)

New Private Equity Series - GCM

Breland presented the committee for approval of a continued partnership with Grosvenor Capital Management through a fourth commitment of \$360 million to a GCM 2024 Series.

- **Motion:** To approve a three-year commitment of \$360 million to Grosvenor Capital Management 2024 Series.
 - **Made by:** Breland.
 - **Seconded by:** Graham.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Graham, Hanna, Howard, McCoy, McRae, Rutledge, and Smith.
 - **Voting against:** None.
 - **Absent:** None.
 - **Duly Passed.**

(Addendum H – New Private Equity Series - GCM)

New Real Estate Series – Heitman VP Fund VI

Breland presented to the committee for approval a commitment of \$75 million to Heitman Fund VI.

- **Motion:** To approve a \$75 million commitment to value-a real estate with Heitman Fund VI.
 - **Made by:** Breland.
 - **Seconded by:** Graham.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Graham, Hanna, Howard, McCoy, McRae, Rutledge, and Smith.
 - **Voting against:** None.
 - **Absent:** None
 - **Duly Passed.**

(Addendum I – New Real Estate Series – Heitman VP Fund VI)

Breland stated the Board's appreciation for Nielsen and his staff for the job they do, saying "It's a big job, and they make it look easy."

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 cases:

PERS No. 23-05 - This matter came on for hearing before the DAC December 11, 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 denied.

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PERS No. 23-10 - This matter came on for hearing before the DAC November 20, 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.

PERS No. 23-11 - This matter came on for hearing before the DAC December 11, 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 approved subject to reexamination in one year.

PERS No. 23-12 - This matter came on for hearing before the DAC January 8, 2024. 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.

PERS No. 24-02 - This matter came on for hearing before the DAC January 22, 2024. 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 and non-duty-related disability benefits be denied.

PERS No. 24-03 - This matter came on for hearing before the DAC March 4, 2024. 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 subject to reexamination in one year.

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

(Addendum J – Disability Appeals Summary)

RETIREE REPORT

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

- **Motion:** To approve the Retiree Report.
 - **Made by:** Breland.
 - **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 K - 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 February 28, 2024, board meeting.

- **Motion:** To approve the Investment Report, as well as all trades and transactions performed by the PERS Investments division since the February 28, 2024, board meeting.
 - **Made by:** Rutledge.
 - **Seconded by:** Howard.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Graham, Hanna, Howard, McCoy, McRae, Rutledge, and Smith.
 - **Voting against:** None.
 - **Absent:** None
 - **Duly Passed.**

(Addendum L - Investment Report)

STAFF AND TRUSTEE CONTINUING EDUCATION

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

ECONOMIC INTEREST ETHICS DISCLOSURE

Higgins advised the Board of the May 1, 2024, deadline for submission of their Economic Interests Ethics Disclosure.

Hanna recognized Howard's last meeting and said he will be missed saying, "Your contribution to this board and your job has been immeasurable."

Howard thanked his fellow board members and the PERS employees.

ADJOURN

Hanna called the meeting adjourned at 1:21 p.m.

Respectfully Submitted,



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



Ms. Kim Hanna
Chair
PERS Board of Trustees

HRH