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Public Employees' Retirement System of Mississippi

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Board of Trustees Meeting Agenda Tuesday, October 24, 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 – August 22, 2023
- II. Report of Administrative Committee (*Dr. Randy McCoy*)
 - A. 2024 Board and Committee Meetings Schedule
 - B. Other
- III. Report of Claims Committee (*Mr. Bill Benson*)
 - A. Certification for Delinquent Contributions-Jefferson County Hospital
 - B. Dissolution of Rankin County Human Resource Agency
 - C. Other
- IV. Report of Defined Contribution Committee (*Dr. Brian Rutledge*)
 - A. Mississippi Deferred Compensation Plan Document
 - B. Other
- V. Report of Legislative Committee (*Mr. George Dale*)
 - A. 2024 Legislative Initiatives
 - B. Other
- VI. Report of Investment Committee (*Mr. Kelly Breland*)
 - A. Private Credit Manager Selection
 - B. Other
- VII. FY 2024 Municipal COLA Certification-City of Tunala
- VIII. Disability Appeals Committee
- IX. Staff Reports
 - A. Refiree 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, October 24, 2023, at 429 Mississippi Street, Jackson, MS 39201. This meeting was duly announced to the public Friday, October 6, 2023, at 5:53 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

In Person: Representative John Read.

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; David DeGuire and Jason Clark, Investments; Chief Financial Officer Cindy Ogletree; Melanie Estridge, 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; Ryan Davy, Frank Giddens, and Ken Nason, Information Technology; Yerger Lurate, Audit; and Communications Director Shelley Powers.

GUEST ATTENDEES

In Person: Assistant Attorney General Suzanne Hudson; Ray Wright, Joint Legislative Committee on Performance Evaluation and Expenditure Review; Ed Koebel, Cavanaugh Macdonald; Lee Pittman and Corbin Stanford, Legislative Budget Office; Kelly Riley, Mississippi Public Educators; Michelle Crowley and Johnny Bass Sr., Professional Firefighters Association of Mississippi (PROFAM); Emily Pote, Mike Larsen, and Steven Allen, Mississippi Retired Public Employees' Association; Kim Gallaspy, Institutions of Higher Learning; Col. Randy Ginn, Maj. John Shows and Capt. Jared Waller, Mississippi Highway Safety Patrol; Jimmy Jordan; Phil Sutphin, Retired Education Personnel of Mississippi; Toren Ballard, Mississippi First; Adam Lynch, The Lighthouse; and Allan Cooper, Mississippi Department of Finance & Administration.

CALL TO ORDER

Board Chair Hanna called the meeting to order at 1:04 p.m.

INVOCATION

Breland gave the invocation.

PLEDGE OF ALLEGIANCE

Breland led the Pledge of Allegiance.

AGENDA

- **Motion:** To approve the meeting agenda.
 - **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.**

MINUTES

- **Motion:** To approve the minutes of the August 22, 2023, PERS Board of Trustees' meeting.
 - **Made by:** McCoy with one edit to the economic assumptions motion, changing "including lowering" to "which lowered".
 - **Seconded by:** Benson.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Graham, Hanna, Howard, McCoy, McRae, Rutledge, and Smith.
 - **Voting against:** None.

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- o Absent: None.
- o Duly Passed.

REPORT OF THE ADMINISTRATIVE COMMITTEE

Committee Chair McCoy reported that the Administrative Committee met the morning of October 24, 2023, and presented the following item for approval.

2024 Board and Committee Meetings Schedules

McCoy presented the Board with the FY 2024 Board and Committee Meetings Schedules.

Board & Committee Meetings | 2024 Schedule

Board meetings held fourth Wednesday of February, April, June, August, and October and third Wednesday of December.

February 27 <i>Tuesday</i>	Defined Contribution & Investment Committee Meetings
February 28 <i>Wednesday</i>	Board Meeting & Other Committee Meetings
April 23 <i>Tuesday</i>	Defined Contribution & Investment Committee Meetings
April 24 <i>Wednesday</i>	Board Meeting & Other Committee Meetings
June 25 <i>Tuesday</i>	Defined Contribution & Investment Committee Meetings
June 26 <i>Wednesday</i>	Board Meeting & Other Committee Meetings
August 27 <i>Tuesday</i>	Defined Contribution & Investment Committee Meetings
August 28 <i>Wednesday</i>	Board Meeting & Other Committee Meetings
October 22 <i>Tuesday</i>	Defined Contribution & Investment Committee Meetings
October 23 <i>Wednesday</i>	Board Meeting & Other Committee Meetings
December 17 <i>Tuesday</i>	Defined Contribution & Investment Committee Meetings
December 18 <i>Wednesday</i>	Board Meeting & Other Committee Meetings

Investment Committee Presentations | 2024 Schedule

Meetings held only when investment finalists' presentations become necessary.

Held the Tuesday two weeks prior to the board meeting, contingent/subject to Board discretion and availability.

Tuesday, February 13
Tuesday, April 9
Tuesday, June 11
Tuesday, August 13
Tuesday, October 8
Tuesday, December 3

Claims Committee Presentations | 2024 Schedule

Meetings held only when claims hearings become necessary.

Held the fourth Tuesday of every other month that are not board meeting months.

Tuesday, January 23
Tuesday, March 26
Tuesday, May 28
Tuesday, July 23
Tuesday, September 24
Tuesday, November 26

- o Motion: To approve the 2024 board and committee meetings schedules.
- o Made by: McCoy.

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- **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.**

REPORT OF THE CLAIMS COMMITTEE

Committee Chair Benson reported that the Claims Committee met the morning of October 24, 2023, and approved the following items for Board consideration.

Update on Delinquent Contributions

Benson gave an update on the delinquent contribution status of Jefferson County Hospital. He reported that Jefferson County Hospital had \$145,350.16 due in contribution payments.

- **Motion:** To certify \$145,350.16 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:** Rutledge.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Graham, Hanna, Howard, McCoy, McRae, Rutledge, and Smith.
 - **Voting against:** None.
 - **Absent:** None.
 - **Duly Passed.**

Dissolution of Rankin County Human Resources Agency

Benson presented the Board with a staff recommendation for the dissolution of Social Security and PERS retirement coverage for Rankin County Human Resources Agency effective August 31, 2023, due to the Rankin County Board of Supervisors formally dissolving the agency.

- **Motion:** To approve the dissolution of Social Security and PERS retirement coverage for Rankin County Human Resources Agency effective August 31, 2023.
 - **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 October 23, 2023. He then presented the following item for Board consideration.

Mississippi Deferred Compensation Plan Document

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, and asked for final approval for the proposed amendments with an effective date of December 1, 2023. The proposed changes to Article IV of the plan document include:

- Amend Section 4.4. *Age 50 Plus Catch-up Contributions* to grant the PERS Board the authority to suspend Age 50 Plus Catch-Up Contributions if necessary to comply with applicable law.
- Under the universal availability requirement for catch-up contributions, if a plan allows catch-up contributions, the contribution opportunity must general be made available to all catch-up eligible participants; therefore, the plan must suspend all Age 50 Plus Catch-Up Contributions.
- **Motion:** To issue final approval of the 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.

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- **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 A – Mississippi Deferred Compensation Plan Document)

REPORT OF THE LEGISLATIVE COMMITTEE

Committee Chair Dale reported that the Legislative Committee met the morning of October 24, 2023, and had a very lengthy and very thorough discussion. He and Higgins presented the following for Board approval.

2024 Legislative Initiatives

Higgins said the committee voted unanimously on all proposed 2024 legislation with the exception of the draft legislation on adopting Tier 5. He then presented the legislative packet for voting purposes with the Tier 5 legislation separated from the packet for a separate vote. The legislative packet includes a Mississippi Deferred Compensation (MDC) ROTH option and the addition of Qualified Domestic Relations Orders to MDC, pursuing and requiring the payment of the proportionate share of unfunded liability if any entity leaves PERS, Optional Retirement Plan changes, and a monthly default on the Cost-of-Living Adjustment, which does not reduce the benefit but just changes the default. Higgins also mentioned the committee's discussion of a Legislative funding request for PERS. He explained that, while that request will be made, it was not a part of the legislative packet.

- **Motion:** To approve the proposed legislative packet as presented, excluding Tier 5 and including adding Qualified Domestic Relations Orders to Mississippi Deferred Compensation.
 - **Made by:** Dale.
 - **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.**
- **Motion:** To approve proposed legislation as drafted for a Tier 5 defined benefit plan with an ad hoc Cost-of-Living Adjustment and four-year vesting.
 - **Made by:** Dale.
 - **Seconded by:** Benson.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Graham, Howard, McRae, and Rutledge.
 - **Voting against:** Hanna, McCoy, and Smith.
 - **Absent:** None.
 - **Duly Passed.**

(Addendum B – 2024 Legislative Initiatives)

REPORT OF THE INVESTMENT COMMITTEE

Committee Chair Breland reported that the Investment Committee met the morning of October 23, 2023, and heard a market update and performance review from Callan. He reported to the Board that for the third quarter of the calendar year/first quarter of the fiscal year, the fund had a -2.1 percent return of net of fees, which had worsened for October. He also presented the following item for Board consideration.

Private Credit Interviews

Breland presented the committee with Blue Owl and GCM Grosvenor Capital Management for initial capital commitments to split management of the new PERS private credit allocation, which will be 2 percent of the portfolio.

- **Motion:** To approve Blue Owl Capital and GCM Grosvenor Capital Management, as recommended by staff, as the initial portfolio managers for the new PERS private credit allocation, which will be 2 percent of the portfolio.
 - **Made by:** Breland.
 - **Seconded by:** Dale.

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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 C – Private Credit Search)

FY 2024 MUNICIPAL COLA CERTIFICATION – CITY OF TUPELO

Higgins presented the Board with a request from the city of Tupelo to approve to pay a 2.0 percent ad hoc cost-of-living adjustment to the 72 retirees and beneficiaries of the City of Tupelo Fire and Police Disability and Relief Fund retroactive to October 1, 2023.

- **Motion:** To approve and certify the payment of a 2.0 percent ad hoc cost-of-living adjustment to the 72 retirees and beneficiaries of the City of Tupelo Fire and Police Disability and Relief Fund retroactive to October 1, 2023.
 - **Made by:** Benson.
 - **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 D – Tupelo COLA Certification)

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. 23-04 - This matter came on for hearing before the DAC July 17, 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. 23-06 - This matter came on for hearing before the DAC July 17, 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. 23-07 - This matter came on for hearing before the DAC August 14, 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 and that the Claimant's request for non-duty related disability benefits be approved.

- **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 E – Disability Appeals Report)

RETIREE REPORT

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

- **Motion:** To approve the Retiree Report.
 - **Made by:** Graham.
 - **Seconded by:** McRae.
 - **Discussion:** None.

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

(Addendum F - 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 August 22, 2023, board meeting. Higgins pointed out that PERS currently has 65 portfolios with 36 managers and that the unaudited information on manager fees showed .32 percent, which is less than last year.


- **Motion:** To approve the Investment Report, as well as all trades and transactions performed by the PERS Investments division since the August 22, 2023, board meeting.
 - **Made by:** Breland.
 - **Seconded by:** Graham.
 - **Discussion:** McCoy pointed to the FY 2023 securities lending management summary and noted that it is another revenue stream for PERS. He said that, at nearly \$14 million, this stream is approaching PERS' budget request, which made it a good year.
 - **Voting for:** Benson, Breland, Dale, Graham, Hanna, Howard, McCoy, McRae, Rutledge, and Smith.
 - **Voting against:** None.
 - **Absent:** None.
 - **Duly Passed.**

(Addendum G - Investment Report)


ADJOURN

Hanna called the meeting adjourned at 1:19 p.m.

Respectfully Submitted,



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



Ms. Kim Hanna
Chair
PERS Board of Trustees

HRH

