

MINUTES | BOARD OF TRUSTEES

Public Employees' Retirement System of Mississippi

February 26, 2025 | PERS Board Room and Live Streamed via YouTube

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Board of Trustees Meeting Agenda

Wednesday, February 26, 2025

1:00 P.M.

- I. Call to Order (*Mr. Kelly Breland, Chair*)
 - A. Invocation
 - B. Pledge of Allegiance
 - C. Approval of Agenda
 - D. Approval of Minutes – February 5, 2025
 - E. Employee of Quarter- (*April-June 2025*)

- II. Report of Administrative Committee (*Mr. Bill Benson*)
 - A. Retiree Representative Board Election – Certification of Ballot
 - B. PERS Funding Policy Revisions
 - C. Annual Crediting of Interest on Member Accounts
 - D. Regulation 60: Contribution Rates
 - E. Other

- III. Report of Defined Contribution Committee (*Dr. Brian Rutledge*)
 - A. Watchlist
 - B. ORP Plan Document
 - C. Other

- IV. Report of Legislative Committee (*Mr. George Dale*)
 - A. Update on 2025 Legislative Session
 - B. Other

- V. Report of Investment Committee (*Dr. Randy McCoy*)
 - A. Pathway Capital Management – Private Equity Investments Fifth Series
 - B. Other

- VI. Disability Appeals Committee

- VII. Staff Reports
 - A. Retiree Report
 - B. Investment Report

- VIII. Economic Interest Disclosures

- IX. Adjourn

Board Members:

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

Dr. Randy McCoy
State Treasurer David McRae
Dr. Brian Rutledge
Dr. Jay Smith
Mr. Terrance Yarbrough

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The Public Employees' Retirement System of Mississippi (PERS) Board of Trustees met Wednesday, February 26, 2025, at 429 Mississippi Street, Jackson, MS 39201. This meeting was duly announced to the public Tuesday, February 11, 2025, at 5:19 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, on the PERS website, and on the PERS YouTube channel.

BOARD MEMBER ATTENDEES

In Person: Board Chair Mr. Kelly Breland, Mr. Bill Benson, Mr. George Dale, Mr. Chris Graham, Ms. Kimberly Hanna, Dr. Randy McCoy, and Dr. Brian Rutledge.

Via Teleconference: None.

Absent: State Treasurer David McRae, Dr. Jay Smith, and Mr. Terrance Yarbrough.

Current Board Vacancies: None.

LEGISLATIVE LIAISON ATTENDEES

In Person: None.

STAFF ATTENDEES

In Person: Executive Director Ray Higgins; 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; Deputy Director Administrative Services Melanie Estridge; David DeGuire, Jason Clark, and Ryan Holliday, Investments; Chief Technology Officer Mike Lowry; Maurice Gilliam, Billy Means, Frank Giddens, Janet Mobley, Will Smith, Dedra Flowers, Christy McCombs, Chris Renfro, Matt King, Alex Edmunds, Meaghan Humber, Ken Nason, Kevin Waite, and Eric Bennett, Information Technology; Comptroller Tracy Day; Barbara Lawson, Christy Smith, and Cindy Byars, Accounting; Employer Reporting Program Administrator Alisa Evans; Member Account Support Program Administrator Chris Hudson; and Communications Director Shelley Powers.

GUEST ATTENDEES

In Person: Assistant Attorney General Caroline Johnson; Ray Wright, Mississippi Joint Legislative Committee on Performance Evaluation; Ed Koebel, CavMac; Phil Sutphin, Retired Education Personnel of Mississippi; Allan Cooper, Mississippi Department of Finance and Administration; and Emily Tschiffely, Legislative Budget Office.

CALL TO ORDER

Board Chair Breland called the meeting to order at 1:01 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:** Dale.
 - **Seconded by:** Graham.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Graham, Hanna, McCoy, and Rutledge.
 - **Voting against:** None.
 - **Absent:** McRae, Smith, and Yarbrough.
 - **Duly Passed.**

MINUTES

- **Motion:** To approve the minutes of the February 5, 2025, PERS Board of Trustees' special called meeting.
 - **Made by:** Rutledge.
 - **Seconded by:** Hanna.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Graham, Hanna, McCoy, and Rutledge.
 - **Voting against:** None.
 - **Absent:** McRae, Smith, and Yarbrough.
 - **Duly Passed.**

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EMPLOYEE OF THE QUARTER

Breland presented the Employee of the Quarter for April through June 2025, to Eric Bennett, Information Technology.

REPORT OF THE ADMINISTRATIVE COMMITTEE

Committee Chair Benson reported that the Administrative Committee met the morning of February 26, 2025, and approved the following items for Board consideration.

Retiree Representative Board Election – Certification of Ballot

Benson presented the Board with the ballot and biographies for the retiree representative election for the term that runs from July 2025 to June 2031. The candidates for the election are as follows:

- Dr. Johnny L. Allen of Rienzi Retired 2015
- Attorney Barbara M. Blackmon of Canton Retired 2024
- Dr. Melody L. Fortune of Ridgeland..... Retired 2023
- Dr. Randy McCoy of Tupelo (incumbent) Retired 2009
- Mr. Fred Nelson, Jr. of Jackson..... Retired 2015
- Dr. Sherry M. Ponder of Waveland..... Retired 20210

- **Motion:** To certify the ballot for the retiree representative election for the term that runs from July 2025 to June 2031.
 - **Made by:** Benson.
 - **Seconded by:** Graham.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Graham, Hanna, McCoy, and Rutledge.
 - **Voting against:** None.
 - **Absent:** McRae, Smith, and Yarbrough.
 - **Duly Passed.**

(Addendum A – Retiree Election Ballot and Biographies)

PERS Funding Policy Revisions

Benson presented the Board with recommended changes to the PERS Funding Policy that adopt the actuarially determined contribution (ADC) as policy, along with any financial assistance as necessary to incorporate recent changes in state law.

- **Motion:** To approve revisions to the PERS Funding Policy, as recommended to incorporate the actuarially determined contribution (ADC) as policy, along with any financial assistance as necessary to incorporate recent changes in state law.
 - **Made by:** Benson.
 - **Seconded by:** Rutledge.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Graham, Hanna, McCoy, and Rutledge.
 - **Voting against:** None.
 - **Absent:** McRae, Smith, and Yarbrough.
 - **Duly Passed.**

(Addendum B – Funding Policy Revisions)

Annual Crediting of Interest to Member Accounts

Benson presented the Board with the 2025 Interest Rate for Member Accounts report, in accordance with Board Regulation 62, as follows:

In 2016, the PERS Board of Trustees approved the amendment of Regulation 62 to adjust the interest rate for member accumulation accounts. The interest rate is now calculated based on the money market rate as published by the Wall Street Journal on December 31 each year with a minimum rate of 1 percent and a maximum rate of 5 percent.

On December 31, 2024, the Money Market rate published in the Wall Street Journal was 0.42 percent; therefore, the interest rate paid shall remain set at the minimum rate of 1 percent as of July 1, 2025.

- **Motion:** To approve the 2025 Interest Rate for Member Accounts report presented by staff and to approve the interest rate for member accumulated accounts to remain set at the minimum rate of 1 percent as of July 1, 2025.

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

Regulation 60: Contribution Rates

Benson presented the Board with the following staff-recommended changes to Regulation 60 (effective July 1, 2025) for initial approval:

Amend §§ 101 and 104 to update the employer contribution rate for the Public Employees' Retirement System and the Optional Retirement Program from 17.9 percent to 18.4 percent in accordance with Senate Bill 3231 as passed during the 2024 Legislative Session. 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.

- **Motion:** To provide initial approval of staff-recommended changes to Regulation 60 to update the employer contribution rate for PERS and ORP from 17.9 percent to 18.4 percent, effective July 1, 2025, in accordance with Senate Bill 3231 as passed during the 2024 Legislative Session.
 - **Made by:** Benson.
 - **Seconded by:** Graham.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Graham, Hanna, McCoy, and Rutledge.
 - **Voting against:** None.
 - **Absent:** McRae, Smith, and Yarbrough.
 - **Duly Passed.**

(Addendum C – Regulation 60)

REPORT OF THE DEFINED CONTRIBUTION COMMITTEE

Committee Chair Rutledge reported that the Defined Contribution Committee met February 25, 2025, and heard a market update and performance review from Callan on Mississippi Deferred Compensation and the Optional Retirement Plan. He also presented the Board with the following items for consideration.

Watchlist

Rutledge presented the Board with the staff recommendation to remove Wellington Small Cap from the Mississippi Deferred Compensation (MDC) Watchlist.

- **Motion:** To remove Wellington Small Cap from the Mississippi Deferred Compensation Watchlist, per staff recommendation.
 - **Made by:** Rutledge.
 - **Seconded by:** Benson.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Graham, Hanna, McCoy, and Rutledge.
 - **Voting against:** None.
 - **Absent:** McRae, Smith, and Yarbrough.
 - **Duly Passed.**

(Addendum D – MDC Watchlist)

ORP Plan Document

Rutledge presented the Board with the following staff-recommended routine changes to the Optional Retirement Plan for initial adoption, effective July 1, 2025.

Amend Section 4.1 *Plan Contributions* to update the employer contribution rate from 17.90 percent to 18.40 percent in accordance with Senate Bill 3231 as passed during the 2024 Legislative Session. 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.

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- **Motion:** To approve for initial adoption the Optional Retirement Plan Document routine amendments as recommended by staff effective July 1, 2025.
 - **Made by:** Rutledge.
 - **Seconded by:** Graham.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Graham, Hanna, McCoy, and Rutledge.
 - **Voting against:** None.
 - **Absent:** McRae, Smith, and Yarbrough.
 - **Duly Passed.**

(Addendum E – ORP Plan Document)

REPORT OF THE LEGISLATIVE COMMITTEE

Committee Chair Dale reported that the Legislative Committee met the morning of February 26, 2025, and heard an overview of pending legislation for the 2025 session and heard a lengthy discussion. No committee action was taken.

REPORT OF THE INVESTMENT COMMITTEE

Committee Chair McCoy reported that the Investment Committee met February 25, 2025. He said the committee heard a market update and performance review from Callan, a Capital Market Assumptions overview from Callan, an update on the Global Equity Manager Search Updates, updates from International Equity Investment managers Marathon, Arrowstreet, and Baillie Gifford, as well as heard two miscellaneous updates. No committee action was taken on those items. McCoy reported that cash from the assumptions held constantly at 3 percent; core fixed income went down from 5.25 to 4.75 percent; public equities were down a bit; and inflation held at 2.5 percent. Using those assumptions, a 10-year geometric return for PERS was projected to be 7.3 percent, just above the 7 percent PERS strives for each year. He also reported that the current PERS portfolio has a 53 percent probability of achieving the 7 percent discount rate and a low probability that it will ever have a negative return over the 10-year horizon reviewed. He said the PERS portfolio performance for the total fund was 3.8 percent fiscal year to date (as of December 31, 2024) and that PERS has out-performed its policy benchmarks over the past 5-, 7-, 10-, and 15-year periods. PERS' estimated fiscal year-to-date return as of February 24, 2025, was 6.6 percent, which, he said, is a good start toward our 7 percent over these next four months.

McCoy brought the following before the Board for consideration:

Pathway Capital Management – Private Equity Investments Fifth Series

McCoy presented the Board a recommendation for a continued partnership with a fifth commitment of \$720 million to a new Pathway 2025 Private Equity Fund Series.

- **Motion:** To approve, per staff recommendation, a continued partnership with Pathway Capital Management for a fifth commitment of \$720 million to a new 2025 Private Equity Fund Series.
 - **Made by:** McCoy.
 - **Seconded by:** Benson.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Graham, Hanna, McCoy, and Rutledge.
 - **Voting against:** None.
 - **Absent:** McRae, Smith, and Yarbrough.
 - **Duly Passed.**

(Addendum F – Pathway Capital Management)

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. 25-02 - This matter came on for hearing before the DAC January 27, 2025. 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.

- **Motion:** To accept the findings of the DAC and approve the DAC recommendations.

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

(Addendum G – Disability Appeals Summary)

RETIREE REPORT

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

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

(Addendum H - 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 December 18, 2024, board meeting.

- **Motion:** To approve the Investment Report, as well as all trades and transactions performed by the PERS Investments division since the December 18, 2024, board meeting.
 - **Made by:** Benson.
 - **Seconded by:** McCoy.
 - **Discussion:** None.
 - **Voting for:** Benson, Breland, Dale, Graham, Hanna, McCoy, and Rutledge.
 - **Voting against:** None.
 - **Absent:** McRae, Smith, and Yarbrough.
 - **Duly Passed.**

(Addendum I - Investment Report)

ECONOMIC INTEREST ETHICS DISCLOSURE

Higgins advised the Board of the May 1, 2025, deadline for submission of their Economic Interests Ethics Disclosure.

ADJOURN

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

Breland called the meeting adjourned at 1:17 p.m.

Respectfully Submitted,

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



Mr. Kelly Breland
Chair
PERS Board of Trustees

HRH