Trustees for the Group Pension Plan

Retirement Board Meeting Session

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Thursday, January 13, 2022 | **9:00 AM** | **Commission Chambers**

~ Minutes ~

Call to Order

Attendee Name	Title	Status	Arrived
Michael Fouts	Chairman	Present	
Kelly Mickle	Board Member	Present	
Currently Vacant	Board Member	Absent	
Mac Tracy	Citizen Member	Present	
Eric Smith	Employee Member	Present	
Shannon Zerangue	Clerk	Present	
Patricia Palmer	Community and Human Resources Director	Present	
Hans Wilson	Finance Director	Present	
Amy Henson	Assistant Finance Director	Present	

The Board of Trustees for the Coweta County Group Pension Plan met in Called Meeting/Work Session on Thursday, January 13, 2022.

Chairman Fouts called the meeting to order at 9:00 a.m.

Mr. Zach Walley from OneDigital (formerly with Truist) was also in attendance.

Information for Trustees

1. 12799 Discuss the Investment Policy Statement and Use of Mutual Funds

Mr. Walley explained that the Investment Policy Statement (IPS) needs to be updated. With the resignation of Mr. Eddie Whitlock and retirement of Mr. Mark Callahan, there is a need for the named Board members to be updated along with the change to OneDigital (from Truist).

Chairman Fouts explained that there has been some discussion regarding an update to the IPS, and the plan is to broaden the definition for the Board members instead of listing them by name.

Chairman Fouts further explained that some internal discussion has also taken place regarding an appointee to replace Mr. Whitlock. Unless any of the Board members has an objection, most likely another employee will be recommended to fill the vacancy. The amendment to the IPS will be presented to the Board of Commissioners at a future meeting for their consideration and adoption. In conclusion, he explained that Human Resources Director Patricia Palmer and her team have provided a list of members participating in the Group Pension Plan to review for potential candidates since those employees have a vested interest in the Plan.

Mr. Walley further explained that as of noon on January 12, 2022, the overall total portfolio was $88.9± million and the asset categories and target ranges fall well within the strategic investment objectives. Currently, the asset allocations include $1.78± in cash & equivalents (1.3%), 44.2% in fixed income funds, and 54.5% in domestic equities. He would like to re-balance the cash & equivalents to approximately 3% ($2.6± million) to carry through until the County's annual contribution is accomplished. Fixed income would be taken to 46% and the domestic equities would be taken to 51% (all still well within the strategic investment ranges).

Mr. Walley continued by explaining that he would like to discuss the use of mutual funds. When his investment advisory firm was hired in 2014, small retirement plans were not allowed to invest in mutual funds under Georgia law. In 2015, Georgia law was amended to allow for investment in mutual funds by small retirement plans. The plan has since invested in a couple of mutual funds, and he would like to discuss a conversion of the remaining equity assets into mutual funds. He noted that the mutual funds that will be provided as options have some international exposure, which he feels will be positive for the portfolio.

In response to a question from Mr. Tracy regarding State restrictions on the use of international funds, Mr. Walley explained that Georgia law does not allow for direct investment in international equities. Mutual funds are explicitly allowed under Georgia law, and the percentage of international exposure in the options he is presenting is very small.

RESULT:	**ACCOMPLISHED**

2. 12800 Discuss the T. Rowe Price Blue Chip Growth Fund, Other Managers, and Options/Adjustments

Mr. Walley presented the following options for each fund category for consideration by the Board:

- Large Cap Value Category

He explained that this fund category currently totals $15± million and could potentially be split into two (2) managers to provide more diversification. He reviewed the following four (4) funds by providing their ratings, performance history, international exposure, etc.

- Dodge & Cox Stock
- Vanguard Equity-Income Admiral
- Putman Large Cap Value R6
- MFS Value R6

He fielded questions regarding the differentials of the Dodge & Cox and Vanguard funds, rankings of each fund option, international exposure of each fund option, risk and returns of each fund option, and associated costs for each fund option.

Following the discussion with Mr. Walley regarding the fund options for the Large Cap Value Fund, it was the consensus of the Board to split the $15± million between the Dodge & Cox Stock and the MFS Value R6 Funds ($7.5± million in each fund).

- Large Cap Growth Category

Mr. Walley explained that the T. Rowe Price Blue Chip Growth I fund has been under review for several quarters because of its performance. He explained that this fund category currently totals $13± million and could potentially be split into two (2) managers to provide more diversification. He reviewed the following three (3) options to replace the fund by providing their ratings, performance history, international exposure, etc.

- Fidelity Advisor® Equity Growth Z
- MFS Growth R6
- JP Morgan Large Cap Growth R6

He fielded questions regarding fund managers, performance, and international exposure for each fund option.

Following the discussion with Mr. Walley regarding the fund options for the Large Cap Value Fund, it was the consensus of the Board to split the $13± million between JP Morgan Large Cap Growth R6 and the Fidelity Advisor® Equity Growth Z ($6.5± million in each fund).

- Mid Cap Growth Category

Mr. Walley explained that this fund category currently totals $7± million and recommended that it remain with one (1) manager. He reviewed the following three (3) funds for the Mid Cap Growth Fund by providing their ratings, performance history, international exposure, etc.

- MFS Mid Cap Growth R6
- BlackRock Mid Cap Growth Equity K
- Delaware Ivy Mid Cap Growth R6

Following a discussion with Mr. Walley regarding the fund options for the Mid Cap Growth Fund, it was the consensus of the Board to invest the $7± million in the Delaware Ivy Mid Cap Growth R6 Fund.

- Mid Cap Value Category

Mr. Walley explained that this fund category currently totals $6.2± million and recommended that it remain with one (1) manager. He reviewed the following three (3) funds for the Mid Cap Value Fund by providing their ratings, performance history, international exposure, etc.

- MFS Mid Cap Value R6
- Allspring Special Mid Cap Value R6
- Virtus Ceredex Mid Cap Value Equity R6

Following a discussion with Mr. Walley regarding the fund options for the Mid Cap Growth Fund, it was the consensus of the Board to invest the $6.2± million in the MFS Mid Cap Value R6 Fund.

- Small Cap Blend Category

Mr. Walley explained that this fund category currently totals $3.6± million and recommended that it remain with one (1) manager. He reviewed the following two (2) options to replace the fund by providing their ratings, performance history, international exposure, etc.

- Fuller & Thaler Behavioral Small Cap Equity R6
- Fidelity® Small Cap Index

Mr. Walley also explained that he did provide some Small Cap Growth and Value Funds in case the Board was interested in seeing those; however, he recommended remaining with the Small Cap Blend Funds until the portfolio continues to grow and can possibly be split between two (2) managers.

Following a discussion with Mr. Walley regarding the fund options for the Small Cap Blend Category, it was the consensus of the Board to invest the $3.6± million in the Fuller & Thaler Behavioral Small Cap Equity R6 Fund.

In response to a request from Mr. Tracy, Mr. Walley provided a recap of the fund changes approved (by consensus) by the Board today.

Following a brief discussion regarding timing, it was the consensus of the Board to confirm the fund changes discussed today (including any adjustments, if needed) at their regularly scheduled meeting on February 9, 2022.

In response to a question from Ms. Mickle, Mr. Walley explained that essentially all current fund categories will be replaced (as directed by the Board today) to re-balance the funds and realign the fund managers.

In response to a question from Ms. Mickle, Mr. Walley explained that he does not feel that the Fixed Income Assets need to be re-evaluated at this time because there are no concerns with the performances or diversification of those funds.

RESULT:	**ACCOMPLISHED**

Comments

Comments

Chairman Fouts called for any further comments.

Ms. Mickle explained that she has reviewed the Georgia Code section regarding the definition of a large retirement plan. The plan must contain $200+ million, have an unfunded actuarial liability of 25% or less, or have assets in excess of $50 million and an unfunded actuarial liability not greater than 30%. Currently, the County's Pension Plan does not meet those parameters. She further explained that following a brief conversation with the County's actuaries, there will not be a change to the discount rate.

The Board briefly discussed how close the Plan is to being considered a large retirement plan with Mr. Walley.

Adjournment

Adjourn

There being no further discussion, it was the consensus of the Board to adjourn the meeting.