Board of Trustees for the Group Pension Plan

Retirement Board Work Session

Minutes

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January 29, 2025 **9:00 AM** **Commission Chambers - 37 Perry Street, Newnan**

Board of Trustees for the Group Pension Plan

Call to Order/Roll Call

Attendee Name	Title	Status
Michael Fouts	Chairman	Present
Kelly Mickle	Employee Member 1	Present
Eric Smith	Employee Member 2	Present
Mac Tracy	Citizen Member 1	Present
Freeman Elliott	Citizen Member 2	Present
Sandy Wisenbaker	Assistant County Administrator	Present
Shannon Zerangue	Clerk	Present
Julie Millians	Benefits Manager	Remote
Hans Wilson	Finance Director	Remote

The Board of Trustees for the Coweta County Group Pension Plan met in Called Meeting/Work Session on Wednesday, January 29, 2025.
Mr. Zach Walley from OneDigital was in attendance.
Ms. Katrina Vanderdray from OneDigital joined the meeting remotely.

Meeting Called to Order

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

Information for Trustees

1. Discuss Investment Policy Statement and Related Matters

Mr. Walley explained that there are no proposed updates to the verbiage of the Investment Policy Statement (IPS). He noted that the asset categories are currently within acceptable ranges outlined in the Investment Policy Statement and there have not been any recent changes to pertinent regulations or State law. With that, he explained there are no recommended changes to the overall account asset allocations at this time.

Ms. Mickle explained that the County's annual lump sum contribution is generally made in the summer. Since this is a budgeted expense, the timing of the contribution can be adjusted if needed in terms of cash flow.

Mr. Walley explained that there is no need to adjust the timing of the annual contribution at this time.

Ms. Mickle fielded a question from Mr. Elliott explaining that the active participants contribute 2.75% every pay period and the County matches that amount. In addition, the County makes a lump sum contribution around June of each year based on the actuarially determined required contribution calculation. As participants have retired, the annual lump sum contribution has increased over the years. The annual lump sum contribution amount is now roughly the same as the annual pension payments to retirees, so investments do not have to be liquidated to make pension payments.

In closing, Mr. Walley explained that he recommends that the Investment Policy Statement (IPS) be reaffirmed every year (note: this item will be placed on the Board's next agenda for adoption).

2. Review Fund Managers

Mr. Walley explained that he has been pleased with the overall performance of the funds in the portfolio. Each one is still a 4 to 5-star rated Morningstar fund, and he does not recommend any fund changes for the portfolio at this time. He briefly reviewed the performance of each of the following funds:

- Fidelity Advisor Equity Growth Z fund
- Dodge & Cox Stock I fund
- MFS Value R6 fund
- Janus Henderson Enterprise N fund
- MFS Mid Cap Value R6 fund
- Fuller & Thaler Small Cap Equity R6 fund
- JP Morgan Large Cap Growth R6 fund

He further explained that the fund commentary including specific details regarding fund performance for all fund managers is generally available thirty (30) days following the end of the quarter, and he will continue to provide commentary as part of the quarterly update to the Board. He noted that the performance of the MFS Value R6 large cap fund lagged, but year-to-date it is still in the top third percentile. He will continue to monitor its performance and present any suggested replacement options to the Board for consideration if it becomes necessary. In closing, he explained that the selected fund managers have outperformed the benchmark since inception (October 2014).

Regarding other items:

- Mr. Walley explained that he and Ms. Vanderdray have discussed inviting Mr. David Brown, Pension and Custody Trust Officer with Truist, to attend the quarterly meeting in May to provide the Board with a cybersecurity update.
- Ms. Mickle confirmed that dual authorization is the format to be used for invoicing from OneDigital (i.e. investment advisory fees).
- Mr. Walley explained to Mr. Elliott that he foresees actions by the new administration, the technology sector, inflation, and interest rates as potential causes for volatility in the market. He noted that he does not anticipate returns as high as those in the recent past.
- Mr. Walley also responded to Mr. Elliott that hopefully fuel prices will come down.
- Ms. Mickle explained that $6 million has been budgeted for the lump sum contribution for this year.
- Mr. Fouts explained that the Plan is currently funded around 65%.
- Ms. Mickle explained to Mr. Elliott that Georgia State law regarding investments in pension plans has thresholds built in and when the size of the plan reaches $200 million or is 70% funded, there is more flexibility to invest in alternative investment options.
- Mr. Wallley noted that at some point in the future the plan could switch to liability-driven investing.
- Ms. Mickle explained that the County has not been able to increase the annual lump sum contribution because of budgetary constraints. Currently, the contribution is based on a 15-year open amortization of the unfunded liability; however, staff plans to ask the actuary to run different amoritization methods to evaluate and consider.
- Ms. Mickle noted that there are fewer than 200 active employees currently in the Plan.
- In response to Mr. Elliott, Mr. Fouts explained that staff has periodically discussed the possibility of offering a cash buy-out to the active employees in the Plan with the Board of Commissioners.
- Mr. Walley noted that an annuity buy-out might be an option to offer to the active employees in the Plan.
- Ms. Mickle and Mr. Fouts explained that many of the active employees in the Plan are trying to reach 25-years of service in order to qualify for retiree health insurance provided by the County.

Adjournment

Motion to: Adjourn

The Board voted to adjourn the meeting.

RESULT: Passed (UNANIMOUS)
MOVER: Michael Fouts
SECONDER: Mac Tracy
AYES: Michael Fouts, Kelly Mickle, Eric Smith, Mac Tracy, Freeman Elliott