

*MINUTES OF THE
BOARD OF TRUSTEES MEETING FOR THE COLUMBUS GEORGIA PUBLIC EMPLOYEE
RETIREMENT SYSTEMS PENSION AND BENEFIT TRUST FUND*

April 10, 2019

TRUSTEES PRESENT: Mayor Skip Henderson, Chairman; City Manager Isaiah Hugley, Vice Chairman; Finance Director Angelica Alexander, Secretary; Jack Kinsman, Trustee; Mike Higgins, Trustee; Drale Short, Trustee; Audrey Hollingsworth, Trustee; Fray McCormick, Trustee; Chuck Staples, Trustee; and Elizabeth Cook, Trustee

TRUSTEES ABSENT: Liliana McDaniel, Trustee

OTHERS ATTENDING: Pamela Hodge, Deputy City Manager; Denise Brown, Investment Officer; Reather Hollowell, HR Director; Gwen Ruff, Columbus Water Works Representative, Mary Scarborough, Airport Representative; and Glendora Arrington, Recording Secretary

ADVISORS; Richard Swift, Raymond James

CALL TO ORDER

Mayor Skip Henderson called the April 10, 2019 meeting of the Board of Trustees of the Columbus Georgia Public Employee Retirement Systems Pension Fund and Benefit Trust Fund to order.

MINUTES OF THE PREVIOUS MEETING

The minutes from March 13, 2019 regular Pension Board Meeting were submitted for approval. A motion to accept minutes with no corrections was made by City Manager Isaiah Hugley. Fray McCormick seconded the motion, the board voted, and the minutes were unanimously approved as submitted.

INVESTMENT UPDATE

a. Performance Review

Richard Swift briefly presented a review of this month's report. He began the presentation by letting us know that the Equity Markets had a nice bounce back after the December lows. The Fiscal Year-To-Date is currently at 3.77% which is a little behind the index.

In review, funds that are ahead are Madison Equity, Clearbridge and Loomis Sayles LCG; In Fixed Income Karpus Investment FI; and Prudential Hedge Fixed.

Funds that are currently underperforming were Blackrock, TCW, Boston Partners, Allianz Tactical, Globalt Inc. and Madison Fixed. All other funds were performing in line.

Large Capital Core Fund, Wells Fargo Golden LCC, bounced back over the past three months but they are still trailing significantly. TCW LCV has improved over the past 3 months catching up a little bit and Richard will continue to keep an eye on them. Richard then addressed the board regarding the status of Allianz Tactical and reviewed their underperformance recently yet showed how they have done in times of a clear market trend which shows them doing much better. Richard opened for discussion.

b. Asset Allocation

Richard then presented to the board regarding asset allocation. We are currently in line with the investment policy statement. There are some areas that are over weighted but there is not a reason to make any changes at this time. Asset Allocation remains at 63% Equity and 37% Fixed. Richard opened for discussion.

c. Prudential Hedge Fixed Income

Richard reminded the board about last month's discussion regarding the Prudential Hedge Fixed Income manager that has a hedge against rising interest rates. The idea behind this fund is if rates are going up, the fund has a hedge against the increasing rates, therefore they neutralize the impact of rising rates. The question is that with rates pausing, perhaps now is a good time to consider losing the hedge. A subcommittee was formed and met to address this issue. The subcommittee consisted of Audrey Hollingsworth, Elizabeth Cook, Drale Short and Fray McCormick.

The subcommittee made the recommendation to the board to engage the total return without the hedge. The plan for doing so is to move \$10M immediately from the Prudential Hedge Fixed Income (Absolute) to the total return fund which will be set up as a different account. Each month move about \$4M over to the new plan over a 6 month period. The board will have the ability to escalate the plan or to slow it down. The board will visit the monthly transfers with each Pension Board Meeting. Richard opened for discussion.

A motion was made to adopt the recommendation of the subcommittee by City Manager, Isaiah Hugley. It was seconded by Chuck Staples and unanimously approved by the board.

d. Investment Policy Checklist

Richard gave a brief overview of the guidelines for investments and reviewed the funds in relationship to the guidelines. He referred to section VI (Investment Guidelines). This policy was set up with restrictions that were initially intended to be hard lines. Richard made the recommendation to change the investment policy verbiage from “restrictions” to “guidelines”. Richard opened the floor to discussion. The discussion was tabled for Richard to sit down with Assistant City Attorney, Lucy Sheftall, to make edits and will bring back to the board.

NEW BUSINESS

a. HB 196 – Continuing Education Requirements for Public Pension Trustees

This bill recently passed and requires all Public Pension Board Trustees to have continuing education. Pension Board Trustees that are appointed or elected after 7/1/2019 will be required to complete 8 hours of continuing education within 1 year of becoming a trustee. Pension Board Trustees who began before 7/1/2019 will have to complete 12 hours every 2 years. Currently there are no online options but there are classes available. Classes must be related to a public retirement system as a trustee. Richard then opened for discussion. The Board will continue to discuss the best way to accomplish this new requirement.

OLD BUSINESS

a. FY20 Actuarial Report

Finance Director, Angelica Alexander, presented the board a follow-up to the previous meeting regarding the Actuarial reports. A motion was made to adopt the Major Disability Plan and Death Benefit Plan by Elizabeth Cook. Chuck Staples seconded the motion and it was unanimously approved by the board.

OTHER BUSINESS

No other business was discussed.

Mayor Henderson adjourned the meeting.

The next meeting is scheduled for May 8, 2019 at 2:00 PM in the Ground Floor Conference Room.

Glendora Arrington

Glendora Arrington
Recording Secretary