

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

August 14, 2019

TRUSTEES PRESENT: Mayor Skip Henderson, Chairman; City Manager Isaiah Hugley, Vice Chairman; Mike Higgins, Trustee; Lisa Goodwin, Trustee; Liliana McDaniel, Trustee; Fray McCormick, Trustee; Chuck Staples, Trustee; and Elizabeth Cook, Trustee

TRUSTEES ABSENT: Finance Director Angelica Alexander, Secretary; Jack Kinsman, Trustee; and Audrey Hollingsworth, Trustee

OTHERS ATTENDING: Pamela Hodge, DCM Finance, Planning and Development; Denise Brown, Investment Officer; Stacey Collier, 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 August 14, 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 the June 12, 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.

Mayor Henderson gave a quick welcome to new Pension Board Member, Lisa Goodwin, who will replace Drale Short as the General Government Representative.

INVESTMENT UPDATE

a. Performance Review

Richard Swift briefly presented a review of this month's report. He began the presentation by discussing the current activities and some of the history of the S&P 500.

As of June 30, the total fund was up 7.81%, which is above the actuarial assumption which is good to see again this year. We had a great run in June which will help the funding status of the plan. Looking at the July 31st number, the market has pulled back

since then. Richard then presented on the fund performance for the month of July 2019.

In review, funds that are doing well are Madison Investment Advisors LLC, Clearbridge Advisors LCG, Loomis Sayles LCG, Boston Partners, Clarkston Capital, Lazard Asset International, Lazard Emerging Markets, Karpus Investment FI, Prudential Hedged Fixed Absolute PADZX, and AEW Real Estate.

Funds that are currently underperforming are Wells Fargo Golden LCC, TCW LCV, Causeway Capital International, and Allianz Tactical Allocation AGSPX. All other funds were performing in line.

Mr. Swift discussed the fixed income core funds in relationship to the funds in the group. In addition, he discussed moving the monthly \$5M from the Prudential Hedged Fixed Absolute fund to the Prudential Total Return fund for the month of July as approved in June. With no objection, Mr. Swift stated that he would move the next scheduled \$5M in August, as approved in the April 10, 2019 meeting.

Mr. Swift gave an overview of how the managers have been performing since their inception to give a clearer picture of their performance. The floor was then opened for discussion.

b. Asset Allocation

Mr. Swift presented to the board regarding asset allocation. We are currently in line with the investment policy statement in relative to the target. He stated that he does not believe now is the time to make an adjustment and he does not feel that we should move away from what we have in equities. Mr. Swift opened for discussion.

Focus was then turned to two managers that have previously been monitored. The first manager was TCW. Mr. Swift scheduled a conference call with the portfolio managers. They discussed the portfolio from a consistency stand point. The index has a narrow group of names that drive the returns for the index up. Many of these names within the index are simply not used by TCW as they are lower quality and higher risk names. TCW also doesn't do very well during sharply higher markets which we have experienced over the last 18 months. But the period that they refer to is relative value and growth at a reasonable price. Generally speaking they have had more "better" years than they have had "difficult" years. They have had a difficult year, but they have shown improvement recently. Given time, they should do well and they've shown that with their consistency. Mr. Swift then opened for discussion.

The focus was then turned to the second manager, Wells Fargo. Mr. Swift scheduled a conference with the portfolio manager. The manager was hired a year ago and since then, they've missed the benchmark every quarter and they are now behind. Historically, in periods where they have underperformed, for example 2009 -2010, and

2011, the next six years they out-perform by 11+ percentage points. This underperformance happened again in 2018 and time will tell if they show a period of outperformance as they have in previous years. They had a great track record, the numbers looked good and we put them in place, but it was bad timing. He recommends that we see how they finish in September. Mr. Swift opened for discussion.

NEW BUSINESS

No new business was discussed.

OLD BUSINESS

- a. Investment Policy
- b. The board discussed changes to the investment policy. A motion was made to approve the changes to the investment policy by Chuck Staples. City Manager Isaiah Hughley seconded the motion. The board voted and the changes were unanimously approved.

OTHER BUSINESS

No other business was discussed.

ADJOURN

With there being no further business to discuss, Mayor Henderson adjourned the meeting.

The next meeting is scheduled for September 10, 2019 at 2:00 PM in the Ground Floor Conference Room.

Glendora Arrington

Glendora Arrington
Recording Secretary