

Memo

To: Board of Trustees
City of Dalton Employee's Pension Plan

From: Hilda Thompson
Wally Wilson

CC: Cindy Jackson

Date: July 13, 2021

Re: MetLife Investments

SEAS has reviewed the MetLife Minimum Balance Requirement (MBR). As of March 31, 2021, the MBR value was \$26.2 million and the assets at MetLife (valued according to the contract) were \$65 million. This leaves an excess over the MBR of \$38.8 million.

Fixed income assets totaled \$62 million as of June 30, 2021. This represents 41% of total assets. The investment policy calls for a target allocation of 50%. Therefore, we suggest increasing the fixed income assets.

SEAS recommends a transfer from the MetLife equity investment of \$5 million. This will leave an excess over the MBR of greater than \$30 million. We recommend the \$5.0 million be invested in the Vanguard Total Bond Market Index Fund (VBTIX). We recommend these transactions occur no later than August 31, 2021.

While the suggested \$5 million transfer leaves a very substantial excess assets over the MBR, SEAS feels it is justified by the recent change in determining City contribution requirements. Whereas in prior years, contributions were exceeding withdrawals, currently withdrawals are in excess of contributions.

