

MINUTES
BOARD OF COMMISSIONERS
PEACE OFFICERS' ANNUITY AND BENEFIT FUND
WEDNESDAY
June 5, 2019
1208 Greenbelt Drive
Griffin, Georgia
10:30 A.M.

Present:

Roger Garrison, Chairman
Homer Bryson
Kaye Carter
Dennis Bell

Keith Glass
Robert W. Carter, Secretary/Treasurer
Brandt Barlow, CFO
David Will, Attorney

The meeting was called to order by Chairman Roger Garrison. Robert Carter led the invocation.

The following items were considered by the Board:

I. APPROVAL OF MINUTES OF PREVIOUS MEETING

The May 1, 2019 Board Meeting Minutes were reviewed. Keith Glass made a motion, seconded by Dennis Bell, to approve the Minutes of May 1, 2019. The vote was unanimous.

II. FINANCIAL REPORTS

Actuaries Joe Griffin and Tim Bowen of Foster & Foster presented a July 1, 2018 actuarial valuation for review by the board. The results reflect that the portfolio is very well funded. The next experience study is due in three years. Chairman Garrison asked for an opinion regarding a cost of living increase for retirees. Mr. Griffin said that although the fund is healthy, he advised caution. Foster & Foster will conduct a study and send a letter with a recommendation regarding the proposed COLA for current and future retirees.

Homer Bryson made a motion, seconded by Dennis Bell, to accept the recommendation of the actuaries to:

Maintain assumptions adopted based on prior experience study (6.5% IRR, RP-2014 Generational Blue Collar Mortality).

Change aggregate entry age normal cost to individual entry age normal cost.

Change actuarial smoothing method from 5-year smoothing of gains and losses on actuarial value to 5-year smoothing of gains/losses on market

value.

The vote was unanimous to accept the recommendations.

Bob Carter presented a proposal from Ray Vuicich of UBS regarding passive portfolio alternatives. The option would replace all existing active investment managers with a diversified portfolio of Index Funds. This allows broad market diversification and significantly lowers fees. The index fund investment structure eliminates individual manager risk and downside dispersion and achieves market-like returns. In addition, it would provide the ability to tactically allocate assets if opportunities exist. The downside to the structure is that it would not allow for meaningful portfolio outperformance.

Mr. Carter stated he personally had issues with the proposed plan and recommended not going with the wholesale indexing plan. There was extensive discussion and the consensus was not in favor of the UBS plan as presented.

Jim Fallon of Morgan Stanley was present to discuss asset allocation for his portion of the portfolio management. There was discussion in the last meeting regarding the performance of TCW. Sawgrass seems to be coming around, and Chartwell and Congress are still a little behind.

Mr. Fallon discussed with the Board possible changes in his employment with Morgan Stanley.

Homer Bryson made a motion, seconded by Dennis Bell, to go into Executive Session to review Asset Allocations. The vote was unanimous.

The board returned from Executive Session at 11:50 AM.

Chairman Garrison stated the opinion of the board is that we are comfortable with Jim Fallon as consultant for our investments. Our goal is to eventually consolidate the portfolio with one consultant.

Mr. Fallon is concerned about Large Cap Value Manager TCW. He proposed a change to DePrince, Race & Zollo, Inc. (DRZ) to replace TCW.

Homer Bryson made a motion, seconded by Keith Glass, to replace Large Cap Value Manager TCW with DRZ. The vote was unanimous.

Chairman Garrison said the board will not take any action right now with UBS.

David Will reminded the board that everyone still needs to sign the Code of Ethics policy. Mr. Fallon said that while he did not have concerns about the policy, he would like to have it reviewed by legal counsel from his firm before signing. The consensus of the Board was to wait until Mr. Fallon is free to sign.

III. RETIREMENTS FOR APPROVAL (list attached)

Keith Glass made a motion, seconded by Homer Bryson, to approve the June

2019 list of requests for retirement. The vote was unanimous.

Keith Glass made a motion, seconded by Kaye Carter, to approve the Disability Retirement for Kenneth Eugene DeLoach; Ga. Department of Public Safety; 27 - 9 - 5 Service in Fund; Base Pension \$687.65 per month; Approved by Fund Dr. D. Hitson. The vote was unanimous.

IV. REQUEST FOR LEAVE OF ABSENCE

Keith Glass made a motion, seconded by Kaye Carter, to approve the Request for Leave of Absence of Tracy M. Melton, Cobb Co. S.O., member since 1/13/2016, 3-1-11 years of service, moved to civilian position 2/24/19 due to an injury. The vote was unanimous.

V. LEGAL MATTERS

David Will had no legal issues to discuss.

VI. OTHER ITEMS OF INTEREST

Robert Carter provided a membership report for the month of May.

Robert Carter presented the proposed budget for FY 20 – July 1, 2019 to June 30, 2020. The budget was originally presented to the Board in the May 1st meeting for review.

Homer Bryson made a motion, seconded by Keith Glass, to approve the Budget for FY 20 – July 1, 2019 to June 30, 2020. The vote was unanimous.

There was discussion regarding cancelling the July 3rd Board Meeting because it falls in a holiday week when a lot of people are travelling. Chairman Garrison suggested having a Conference Call meeting. The board agreed to the Conference Call Meeting on July 3, 2019 at 10:30 A.M.

VII. NEXT MEETING DATE AND LOCATION

The next meeting of the board will be held on Wednesday, July 3, 2019, as a Conference Call at 10:30 A.M.

There being no further business to come before the board, the meeting adjourned at 12:10 P.M.

Respectfully submitted,



Robert Carter
Secretary/Treasurer