

MINUTES
BOARD OF COMMISSIONERS
PEACE OFFICERS' ANNUITY AND BENEFIT FUND
WEDNESDAY
November 6, 2019
1208 Greenbelt Drive
Griffin, Georgia
10:30 A.M.

Present:

Homer Bryson, Chairman
Dennis Bell
Greg Dozier
Keith Glass

Dan Kilgore
Robert Carter, Secretary/Treasurer
Brandt Barlow, CFO
David Will, Attorney

The meeting was called to order by Chairman Homer Bryson. Robert Carter led the invocation.

The following items were considered by the Board:

I. APPROVAL OF MINUTES OF PREVIOUS MEETING

The October 2, 2019 Board Meeting Minutes were reviewed. Dan Kilgore made a motion, seconded by Greg Dozier, to approve the Minutes of October 2, 2019. The vote was unanimous.

II. FINANCIAL STATEMENTS

Jim Fallon and Cory Schier of Callan were present to discuss the portfolio transition from UBS and Morgan Stanley. Mr. Fallon advised the plan is to have the funds consolidated by January 2020 into one clean portfolio. There is some manager overlapping that will be resolved over the long term. There is no plan to bring any new managers in at this time. Callan will provide a 10-year analysis and a 2020 Capital Market Projection. There will be some changes to the Investment Policy Statement. \$10 million was transferred from Lord Abbott to AEW pursuant to a capital call under our previous commitment. With this payment, we have now fully funded our commitment to AEW at \$18 million. We remain well within the limit for alternatives set by state law.

Mr. Schier stated the Board has made a big move to Callan and it's a great start for the fund. He recommended increasing the allocation for real estate to five percent in the near future. In spite of the 11-year bull market, the industry feels a down market is coming. However, he said they hope to double the return for the fund within 10 years.

There was further discussion of small and mid (SMID) cap managers between the two funds and their flexibility. Mr. Fallon said mid-cap managers Congress,

Chartwell and Vaughn Nelson all have good performance and low fees but proposed that Voya should be terminated and replaced with a SMID manager.

Mr. Schier advised Large Cap Value Manager, Wellington, will not transition their strategy to the UMA platform and will be replaced. Three new candidate managers will be interviewed by the board to decide who best fits the needs of the fund. Small Cap Manager Wellington will be resigning.

Mr. Fallon said mutual funds will be terminated and reallocated to Lazard. US Fixed Income will be consolidated down to one manager. Exposure to real estate will be increased.

Mr. Fallon said as they get the new platform in place for 2020, they will continue to research and make the best decisions for the fund. Across the board there will be lower fees with the combined portfolios.

Chairman Bryson asked Mr. Carter for his opinion on the proposed changes to the combined portfolio. Mr. Carter expressed his approval and said he has seen this information before today as Mr. Fallon and Callan work through the process. He advised he and Brandt have agreed for some time that running two separate portfolios with the overlap of managers, and, trying to maintain compliance with the Investment Policy has been a challenge.

Chairman Bryson asked David Will if he could see any issues that should be addressed with the consolidation of the portfolio from a legal perspective. Mr. Will advised he did not.

Greg Dozier made a motion, seconded by Keith Glass, for approval and implementation of the Asset Allocation Review and Manager Structure Analysis (on file) presented by James Fallon and Cory Schier of Callan. The vote was unanimous.

The following recommendations are included in the presentation:

- ▶ Eliminate two strategies and consolidate the assets into one product
- ▶ Terminate Voya and redistribute assets
- ▶ Long-term – move mid-cap to SMID mandate
- ▶ Long-term – move small-cap to SMID mandate
- ▶ Terminate UBS managers and move assets to Lazard and Harding Loevner
Initiate a value replacement search
- ▶ Termination of mutual funds and reallocate to Lazard
- ▶ Terminate Wellington and the non-US fixed income funds and consolidate assets with Sage

III. RETIREMENTS FOR APPROVAL (List on file)

Keith Glass made a motion, seconded by Dennis Bell, to approve the November 2019 list of requests for retirement. The vote was unanimous.

IV. REQUESTS FOR LEAVE OF ABSENCE

The following requests for Leave of Absence were approved on a motion by Dennis Bell, seconded by Keith Glass, and the vote was unanimous.

- ▶ Stephen L. Boykin; Gainesville P.D.; 2-7-26 service in fund; Resigned 9/8/2019 to attend Trooper School
- ▶ Matthew P. Edwards; Ocilla P.D.; 3-10-1 service in fund; Resigned 9/19/2019

V. LEGAL MATTERS

Attorney David Will collected signed Code of Ethics documents from the board members.

Dennis Bell presented an item to the board for guidance regarding a member who is retiring from the Insurance Commissioner's Office. Vernon Singley, a veteran employee of the department, has had several job descriptions over several different administrations. He was last assigned as Hazardous Materials supervisor. Although Mr. Singley maintained his POST certification over the years, the eligibility of this position to participate in the P.O.A.B. fund is in question. Mr. Bell presented a letter from Insurance Commissioner John King requesting that the board review the matter carefully.

There was discussion among the board and the consensus was to table any decision regarding Mr. Singley until our attorney can obtain clear resolution in the matter.

VI. OTHER ITEMS OF INTEREST

Mr. Carter presented the Membership Report for October.

Brandt Barlow presented the quarterly Revenues/Expenses Report.

Chairman Bryson inquired about transitioning to the new computer system. Brandt advised it's going well with our anticipated go-live date of February 1, 2020. There was further discussion about the capabilities of the new system.

Mr. Carter presented a Memo to the Board regarding the delinquency of reports and fees from the City of Enigma. According to staff calculations, 23 reports are

missing with an estimated \$4,393 due, with additional monies due for penalty and interest. Repeated attempts have been made to collect to no avail. He asked for Board direction on how to proceed.

The Board tasked Attorney David Will with sending a letter on behalf of the fund to get the process started.

Mr. Carter presented a request to lease an available office in the P.O.A.B. building to Preston Hardee for \$400.00 per month for his personal drafting business. He is employed with a company in Smyrna which allows him to work from a remote location that is not his home. The tenant would not have access to our secure server.

Dennis Bell made a motion, seconded by Keith Glass, to approve a lease with Preston Hardee for rental of office space downstairs in the P.O.A.B. building in the amount of \$400 per month, pending approval of the lease by the Board attorney. The vote was unanimous.

Mr. Carter proposed moving the January 2020 Board meeting to January 8th as the first Wednesday is on January 1. The Board agreed.

Mr. Carter expressed appreciation to Dennis Bell for the ACCG introduction at both meetings recently.

Chairman Bryson suggested a Christmas luncheon for the Board and Staff following the December meeting. He said it would be nice to invite the former board members who left earlier this year as well.

VII. NEXT MEETING DATE AND LOCATION

The next meeting of the Board will be held on Tuesday, December 3, 2019, at the Fund Office at 10:30 AM.

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

Respectfully submitted,



Robert Carter
Secretary/Treasurer