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|---|---|
| BOARD MEMBERS PRESENT: | Frazier, Hamby, Jordan, Johnson, Clark, Hunt |
| BOARD MEMBERS ABSENT: | Ingram |
| EX-OFFICIO MEMBERS PRESENT: | Perry |
| EX-OFFICIO MEMBERS ABSENT: | Lackey, Allison |
| OTHERS PRESENT: | Grayson |

Chairman David Frazier called the meeting to order at 10:00 AM and served as the presiding officer.

## PRESENTATION:

### JP Morgan Special Situation Fund

Jaclyn Weinman, Real Estate Specialist, and Lindsey Lo Bosco, Analyst, presented information regarding the Special Situation Property Fund (SSPF) noting this is an open-end value-add real estate portfolio. Highlights from the presentation were noted as follows:

- The firm is a large real estate platform with $63 billion in assets under management across the United States and 45 years of real estate investment management experience.
- Invests only in retail, office, multifamily and industrial warehouse.
- The fund profile as of September 30, 2017 indicated $6.4 billion total investments; $3.7 billion net asset value; 41.4% fund leverage; and a 4.0% annual cash distribution.

Ms. Weinman answered several questions.

Board Member Denise Jordan stated the contract and draft resolution were available for review and consideration.

Chairman Frazier stated the fund was recommended by the investment consultant and the contract was reviewed by the Plan's attorney.

> **Motion to proceed with submitting the proposed resolution to the governing body to authorize execution of a $2 million investment contract with J.P. Morgan Special Situation Property Fund (SSPF).**
>
> Motion made by Board Member Hunt
> Motion seconded by Board Member Hamby
> **Votes favoring the motion: Frazier, Hamby, Jordan, Johnson, Clark, Hunt**
> **Absent: Ingram**

Board Member Denise Jordan stated the next opportunity to present the proposed resolution to the governing body was at the November 30 Work Session.

## REPORTS:

### Fiscal Year 2017 Actuarial Valuation

Actuary Malachi Waterman and Jody Martin of Segal Consulting summarized the valuation report as follows:

- As of July 1, 2017, the Plan continues to meet all Georgia funding requirements as well as standards established by the Government Accounting Standards Board (GASB).

- The recommended contribution increased from 31.80% of pay to 33.96% of pay predominately due to experience losses for the year.
- The net effective period for amortizing unfunded actuarial accrued liability has decreased since the last valuation.
- The amortization period had a slight increase since last year but was still less than the maximum period allowed under Georgia state law and GASB standards of 30 years.
- If the total contributions remain at 26.40% of payroll, the City's funding obligation will be met for the 2017-2018 fiscal year by using the accumulated credit balance to offset the shortfall which would deplete the credit balance leaving none for the future.
- The actuarial value of assets used for funding reflects a ten-year smoothing of gains and losses.
- As of June 30, 2017, the actuarial value of assets was 97.7% of market value, and there are $2,117,838 in deferred investment gains that will be recognized in future years. The disclosures required for compliance with GASB Statement No. 67 *Financial Reporting for Pension Plans*, and Statement No. 68, *Accounting and Financial Reporting for Pensions* were released to the City's Finance Department on October 13, 2017.
- There were no assumption changes or plan changes.
- The funded ratio for the plan decreased slightly from 64.08% to 63.31%.

Board Member Denise Jordan expressed concern about depleting the credit balance. Mr. Waterman felt educating the members on what it means was a good approach on managing this. Another good approach was to revisit the funding policy within the next year or so to provide a fresh start concept. Other options included an increase in contributions or Plan amendments. It was noted discussions should begin soon if there are to be changes in the next valuation.

There was a brief discussion about changing the asset method from a 10-year to a 5-year smoothing of gains and losses. Mr. Waterman agreed to summarize the information for discussion at future meetings.

Chief Financial Officer Jeremy Perry inquired about the effects of a new position added to the Plan as an Administrative expense. The position would be funded 80% from the Plan and 20% from Human Resources. Mr. Waterman stated the impact to the Plan would be minimal.

After a robust discussion, there was no desire from the Board to change the current contribution levels.

Board Member Denise Jordan stated the earliest option to present the report to the governing body was at the December 30 Work Session.

**Third Quarter 2017 Investment Report**

Consultant Jeff Swanson, Southeastern Advisory Services, provided a brief overview of the performance report. The portfolio summary indicated: As of September 30, 2017, the Total Plan (including Receipts & Disbursements) had a market value of $93,990,634. For the quarter, the fund's net withdrawals were -$482,194 and total investment gains were $3,134,329 for a total increase in value of $2,652,135 from the previous quarter end. As of September 30, 2017, 65.7% of the Plan (including Receipts & Disbursements) was invested in equities, 28.8% in bond/absolute return funds and 4.4% in real estate.

Other notable comments from the report were as follows:

- The Plans asset value continues to increase.
- The Plan had a nice investment experience for the year ending June 30, 2017.
- The Plan is well diversified.
- The rebalancing actions have been good.

- The total fund was above the target index for the September quarter.
- The fund investments were strong.
- There was solid returns from all equity managers.

At the conclusion of the report, Mr. Swanson recommended a $2 million rebalancing action.

**Motion to accept the Consultant's recommendation to rebalance $2 million into the PIMCO All Asset fund with the transfer of $1 million from the Blackrock Equity fund and $1 million from T Rowe Price Growth fund.**

Motion made by Board Member Hamby
Motion seconded by Board Member Johnson
**Votes favoring the motion: Frazier, Hamby, Jordan, Johnson, Clark, Hunt**
**Absent: Ingram**

Upon inquiry from Chairman Frazier, Mr. Swanson confirmed future policy allocation information in the quarterly report will include the real estate investments.

**Wells Fargo Executive Summary**
Marsha Petzel, Vice President and Relationship Manager, provided a periodic update to include key statistics and success metrics as of September 30, 2017. She noted the number of recipients receiving statements should be reviewed.

Ms. Petzel commented on some house-keeping matters and inquired about pending items.

Upon inquiry from Board Member Matt Hamby, Ms. Petzel stated she would follow up on the status of the vendor search for the death notices.

NOTE: Board Member Matt Hamby left the meeting at 11:35 AM.

**UPDATES:**

**RPA Election Update**
Board Member Denise Jordan provided an update on the scheduled RPA Election noting one nomination was received for each position (Fire and Police Representatives). The nominees were the two existing members and no election was necessary. She congratulated the incumbents and extended appreciation to Deputy City Clerk Alisa Grayson for conducting the actions that had occurred to reach this conclusion.

NOTE: Board Member Hamby returned at 11:37 AM.

**REGULAR BUSINESS:**

**Executive Session Minutes: September 26, 2017 RPA Board Meeting.**

**Motion to approve the Executive Session minutes.**

Motion made by Board Member Hunt
Motion seconded by Board Member Clark

**Votes favoring the motion: Frazier, Hamby, Jordan, Johnson, Clark, Hunt**
**Absent: Ingram**

**Minutes: September 26, 2017 RPA Board Meeting**

**Motion to approve the minutes accepting edits as presented.**

Motion made by Board Member Hunt
Motion seconded by Board Member Hamby
**Votes favoring the motion: Frazier, Hamby, Jordan, Johnson, Clark, Hunt**
**Absent: Ingram**

## OTHER BUSINESS

**Retirement Plan A Administrative Position**
Chief Executive Officer Jeremy Perry asked for the Board's thoughts on the hiring of a Human Resource (HR) position with focus on the Retirement Plan. He felt this would provide an opportunity to relieve the HR staff and others of some duties associated with RPA. He also felt designating a qualified person for the position would benefit the Plan. He indicated an estimated amount of $50,000 (with benefits) to be split between the Plan and HR.

Board Member Tommy Hunt commented on being in support of the suggested position. Board Member Margaret Johnson agreed but also had concerns about an increase in contributions to the Plan.

Chairman Frazier felt this topic of discussion was important. He commented on concerns surrounding the duties of the new position and the City Clerk's position on the Board. He shared a brief history of the City Clerk's position on the Board noting it was by virtue of position. He also wasn't sure if the breakdown of the split amount was appropriate.

Board Member Matt Hamby shared the reason this issue was raised noting it included separation of duties, transition of roles, and responsibilities not being met. Mr. Perry commented on other concerns and duties that needed to be addressed. He indicated the Administrative Services Director's goal was to have a position designated for the Plan.

Board Member Denise Jordan confirmed there were duties handled by the Clerk's office that can be transitioned and some duties had already been reassigned. She felt it was important for the Board to know there is more being done than meets the eye. Mrs. Jordan stated it was important to plan for a strategic transition if this change occurs.

Mr. Hunt expressed the importance of having Board Member Denise Jordan remain on the Board. He also felt there was an absolute need for the position. It would be a benefit to the employees to have the position filled.

Mr. Perry commented on other matters to be considered noting the responsibilities for Plan B would also be considered as part of this position.

Board Member Denise Jordan commented on a missed opportunity in sharing retirement benefit information during open enrollment. She felt the benefits statements should be released at the same time as the insurance information under the premise that both are employee benefits.

The Board agreed further discussion was needed.

Mr. Perry state the new position would have to be approved by the governing body.

Chairman Frazier stated it would be helpful for the Board to receive a job description with pay information and the City Clerk's duties as it pertains to the Plan. There was a desire to have a called meeting as soon as practical after this information was available and Mrs. Jordan agreed to provide date options.

**Designation of Beneficiary Forms**
Board Member Denise Jordan reported the Designation of Beneficiary forms can be signed by any Board Member and requested the Board's assistance when called upon to sign these forms.

**RFQ for Actuarial Fees**
Board Member Matt Hamby reported the Request for Information for Actuarial fees had been sent out.

**2018 RPA Board Meeting Calendar**
Board Member Denise Jordan stated the proposed 2018 RPA Board Meeting calendar was not available due to the Council's calendar not being set. She suggested the Board plan for an Organizational Meeting in January or February and set the 2018 meeting calendar at that time.

**ADJOURNMENT:** 12:17 PM

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David Frazier, Chairman

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Denise O. Jordan, Secretary to the Board