

CLAYTON COUNTY PENSION BOARD

Deferred Compensation Meeting
11:00 a.m.

November 12, 2020

MINUTES

PRESENT: Terry Hicks, Chairman; Pamela Ambles Vice-Chair; Katherine Dodson, Member; James Crissey, Member.

ALSO PRESENT: Mr. Rick Arenburg and Ms. Cass Hollis, Bryan Cave Law Firm; Chad Smith, Morgan Stanley; Kerri Hathaway and Vanessa Sarden, Finance Department.

1. Chairman Hicks called to order the Deferred Compensation Meeting.
2. A motion was made by Katherine Dodson to adopt the agenda and seconded by Pamela Ambles. The vote was unanimous.
3. A motion was made by Pamela Ambles to approve the minutes from August 13, 2020, as written and seconded by Katherine Dodson. The vote was unanimous.
4. Chad Smith of Morgan Stanley, opened by discussing the rebound in the *Capital Markets* performance broadly for the quarter (located in the *Clayton 457 DC Plan – Q3'20 Review*). For the quarter, the market improved and is building on the rebound in the second quarter across the board. U.S. and Internationally lead by a substantial margin. The growth and value will continue to shift. What has benefited the participants was having more growth and strong managers in the lineup. The plan had a strong performance of 5.25% for the quarter. In September, the international developed markets outperformed by 106 basis points. He stated in the 3rd quarter the *American Funds Investment Company of America*, the *JPMorgan Mid Cap Value Fund* and the *Lord Abbett High Yield Bond Funds* remain on the watchlist through the end of the quarter. The *American Funds Investments Company of America* lagged its benchmark and peer group but they continue to outpace their peer group on a YTD and trailing 1 Year basis. As a replacement, he recommends transferring the current participant balances into the *Dryden S&P 500 Index*. The *JP Morgan Mid Cap Fund* lagged during the quarter and the value has struggled. Although *JP Morgan Mid-Cap Fund* does align with its peer group, he recommends they remain on the watchlist. In the 3rd quarter, *Lord Abbett High Yield Bond Fund* has improved and outperformed both its peer group and its benchmark (he recommends it remain on the watchlist).

A motion was made by Mr. Crissey to remove the *American Funds Investment Company of America Fund* and transfer assets to *Dryden S&P 500 Index*. Keep *JP Morgan Mid-Cap* and *Lord Abbett High yield Fund* on the watchlist and seconded by Mrs. Pamela Ambles. The vote was unanimous.

Mrs. Hathaway asked Mr. Smith the amount of money in the *American Funds Investment Company of America Fund* that will be moved to the *Dryden S&P 500 Index*.

Mr. Smith stated there's currently \$715 thousand in the account. He explained the *American Funds Investment Company* has consistently underperformed its benchmark and suggests it best for the County the invest the monies in the *S&P 500* and track the *S&P* overall. Mr. Smith recommends keeping *JP Morgan Mid Cap Value Fund* and the *Lord Abbett High Yield Fund* on the watchlist.

The *Asset Allocation* has 24.99% on the *Target Date, US EQ Large Growth* outperformed value at 11.89%. He explained an attribute to the Plan is the growth managers are outperforming the benchmark across the board. The *Money Market/Stable Value - 21.91%*. The *2065 SP* has been added to the portfolio.

Mr. Smith expounds on *Investment Diversification*; the *Fidelity Puritan* has \$130 thousand, the peer group allocation outperformed with 50% - 70% in equity with the benchmark of 1.36%. The majority of the target date funds performed in line with their peer group slightly below their benchmark, which the benchmark for the target date funds is solely indexed.

In the Performance Summary Review, Mr. Smith stated *JP Morgan Equity Income R6* performing at \$1,148,146 million for the quarter. The *Russell 1000 Growth TR USD* is the top performer up 9.47%. The *Small-Cap Value* overall averaged a -5.9% a year. Mr. Smith concluded by stating the largest holding in the Plan is *Prudential Stable Value Fund (63444XV)* at \$5,932,004 million, the second largest in the Plan is the *AB Large Cap Growth Z Fund* with \$3,219,865 million, and the third-largest holding in the Plan is the *PruDC-Pru Ret Prudential Day One 2030 SP*. He stated for the 3rd quarter \$27,074,955 was the current value of the County's Plan.

Mr. Smith stated after the last meeting he spoke with Kerri Hathaway to discuss meeting with employees to present the 457b plan for new enrollments. He said he had one request from a recruit class of the Fire Department that wanted an overview of the plan.

5. Chairman Hicks recommended the Board approve the Lost Participants Policy and Procedure.

Mr. Arenburg of Bryan Cave Law Firm clarified the policies are different because of the defined contribution and defined beneficiary procedures in the plans.

6. A motion was made by Mr. Jim Crissey to approve the Lost Participants Policy Procedure document and was seconded by Ms. Katherine Dodson. The vote was unanimous.

7. A motion was made by Ms. Katherine Dodson to adjourn the Deferred Compensation meeting and the motion was seconded by Mr. Jim Crissey. The vote was unanimous.

Clayton County Pension Board

Terry R. Hicks 2/11/21
Terry Hicks, Chairman Date

Ramona Bivins 2/11/21
Ramona Bivins, Secretary Date