CLAYTON COUNTY PENSION BOARD

Deferred Compensation Meeting
11:00 a.m.

February 11, 2021

MINUTES

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

ALSO PRESENT: Mr. Rick Arenburg and Ms. Cass Hollis, Bryan Cave Law Firm; Theodore Loew, Morgan Stanley; John Casmedes, Prudential; 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 and accept the minutes from November 12, 2020, as written, and seconded by Katherine Dodson. The vote was unanimous.

4. Chairman Hicks open and stated he'd received a letter from Kerri Hathaway advising him Chad Smith was no longer with Morgan Stanley and introduced his (Chad Smith) replacements, Theodore Loew (T.J.) and Mr. Scott Owens (who was absent).

5. Mr. Loew opened the meeting stating Chad Smith has moved to another company. He stated he has worked with Chad Smith for over 5 years on the County's Deferred Compensation Plan. He has experience with Retirement and Pension Plans and the only thing that will be replaced with *Morgan Stanley* is only the face. He opened by discussing the *Clayton 457 Plan Review Q4 2020* and affirmed what Chad Smith recommended in the last meeting, to remove *American Funds Investment Company of America,* which was on the watchlist, in the portfolio and shift the participant's assets into the Dryden *SP 500 Index Fund*. The Pension Plan is paying Prudential partially through revenue and mutual funds. Prudential is currently charging the plan 8 basis points to administer the Pension Plan which half is coming from Mutual Funds and the other half is being charged to the participant's accounts. In terms of this request, Prudential will increase to 5 basis points in fees, which will encounter an increase in fees at the participant's level, but will reduce the cost in the participant's fees.

   Mrs. Bivins expressed her reservation with accepting the increase to 5 basis points.

Chairman Hicks interjected and asked if the participants, who participated in the revenue sharing plans withdrew from the plan, would this stop the revenue sharing? If so, would an adjustment have had to be made?

T.J. of Morgan Stanley explained, if the balancing in the Plan was shifting, Prudential would continue to charge the 5 basis points.

Mrs. Bivins continued and is requesting some type of notification be sent to the participants advising them of the change(s), explaining how the change(s) is beneficial to them, and also give the participant 30 days' notice before the change(s) becomes effective.

John Casmedes of Prudential stated it is normal practice to give the participant's 30 days' notice before any fund change takes place but it is not required in some instances. He assured the Board he would send a notice to the participants advising them of the increase from 4 basis points to 5 basis points.

Mrs. Bivins asked if Prudential would also explain to the participants why the change(s), and how the change(s) is beneficial to them.

Mr. Casmedes confirmed their standard letter contains the information she is requesting to be in the notices. Mr. Casmedes volunteered to send Mrs. Bivins a copy of the letter review before it is mailed.

T.J. continued to present the quarterly review in the 2nd quarter. He stated there was a recovery in stocks due to the stimulus check and support from the Federal Reserve reducing interest rates. In the 3rd quarter, companies and businesses began to reopen and gradually opening the economy. By the 4th quarter, returns had increased to 12.15%, the S&P 500 was up 18.4%, and the International Markets was up 16%, outperforming the US for the last quarter. The MSCI EAFE was 16.09% for the quarter; the money market was up 14.77%. He stated there will be muted returns in Fixed Income going forward from an economic standpoint.

With *Fixed Income,* T.J. stated the Target Date Plan makes up 25% of the portfolio and has higher returns. Within 1 to 5 years, the rate increasing for Fixed Income is decreasing and the value of the fund is stable.

The *Asset Allocation* has 24.99% on the *Target Date, US EQ Large Growth* outperformed

The *US Bond Market the Bloomberg Barclay Mortgage-Backed Securities Index* rose .24%. The *Municipal Bonds* rallied and the *Bloomberg Barclays Municipal Index* gained1.82%.

He stated the American Investment Funds and JP Morgan Mid-Cap Value Fund are on the watchlist and Morgan Stanley will continue to monitor and will not make a recommendation for a replacement at this time. He stated the structure of the Prudential Day One Fund has been causing it to underperform compared to other peers in the target-date space, Prudential Day One is described as underweight. He continued by stating other stocks in the index are increasing without funding without receiving any funding, and the JP Morgan Index group had an increase in stocks and a decrease in earnings in the stock index when all of the other funds in the Plan are performing well.

Mrs. Katherine Dodson made a motion to add Prudential Day One Fund to the watchlist and was seconded by Mr. Crissey. The vote was unanimous.
A copy of the Morgan Stanley "*Clayton 457 Plan Review – Q4 2020*" booklet is filed in the Chief of Finance Officer's office.

6. A motion was made by Mrs. Bivins to adjourn the Deferred Compensation Meeting and the motion was seconded by Ms. Dodson. The vote was unanimous.

Clayton County Pension Board

Terry R. Hicks 5/13/21
Terry Hicks, Chairman Date

Ramona Bivins 5/13/21
Ramona Bivins, Secretary Date