



**EMPLOYEE PENSION PLAN
BOARD OF TRUSTEES MEETING
TUESDAY, JULY 27, 2021
3:00 PM
300 WEST WAUGH ST - COUNCIL CHAMBERS**

A G E N D A

Call To Order

Minutes

- [1.](#) Pension Minutes 05-25-2021

Unfinished Business

- [2.](#) Metlie MBR Memo - July 2021
Investment Performance Analysis - June 30, 2021

New Business

3. Attorney Update

Retirees

4. James L. Duncan - Dalton Utilities
5. Marshall Wayne Hix Retirement - Public Works

Invoices

- [6.](#) Invoices # 211 & 212 (\$2,040.00 ea) for Southeastern Advisory Services, Inc. services.

Reports

- [7.](#) Market Indices - June 30, 2021
[8.](#) MBR Report for 2nd Quarter 2021
[9.](#) May and June 2021 Financial Reports

Adjournment

THE CITY OF DALTON
EMPLOYEES PENSION PLAN – BOARD OF TRUSTEES
REGULAR MEETING
MAY 25, 2021

The regular meeting of the Board of Trustees of the City of Dalton Employees' Pension Plan was held this afternoon at 3:00 p.m. in the Council Chambers of City Hall. Present for the meeting were Chairman Gary Hill, Trustees Dwayne Carvell, Mike Sloan, Vernon Ray. Chairman of the Water, Light & Sinking Fund Commission Joe Yarbrough, Mayor David Pennington and Council member Annalee Harlan Trustees were absent.

MINUTES

The Trustees were presented written copies of the minutes of the meeting of March 23, 2021. On the motion of Trustee Sloan, second Trustee Ray, the minutes were approved. The vote was unanimous in favor.

INVESTMENT PERFORMANCE ANALYSIS - APRIL 30, 2021

Hilda Thompson from SEAS reported on the April 30, 2021 Investment Performance Analysis report. Thompson stated the Plan had another good quarter and great month of April. Thompson stated the Plan ended the month with \$148.7 million which is an all-time high.

Thompson spoke additionally on the asset allocations stating that both Vanguard and MetLife each has half of the Plan's assets, additionally stating that both firms have some stocks and some bonds and it's been a good balance of the asset allocation of the portfolio.

Actuary Assumption

Thompson reported that April has been incredible stating that the Total fund Return for April is 3.22% and the YTD is 5.7%. Thompson stated that the actuary assumption is 6.75% which puts the plan 1% away from the actuary assumption for the year.

On the motion of Trustee Carvell, second Trustee Sloan, the minutes were approved. The vote was unanimous in favor.

ATTORNEY UPDATE

There was no attorney update.

RETIREEES

Byron Duncan - Dalton Utilities

(1) On the motion of Trustee Ray, second Trustee Carvell, the Board ratified payment to Byron Duncan - Dalton Utilities. Copies of the application for retirement, retirement benefit calculations and Authorization to Commence Retirement Payment forms are a part of these minutes. The vote was unanimous in favor.

Wade B. Hart - Dalton Utilities

(2) On the motion of Trustee Ray, second Trustee Carvell, the Board ratified payment to Wade B. Hart - Dalton Utilities. Copies of the application for retirement, retirement benefit calculations and Authorization to Commence Retirement Payment forms are a part of these minutes. The vote was unanimous in favor.

INVOICES

The Trustees reviewed the following invoices, on the motion of Trustee Sloan, second Trustee Ray, the invoices were approved:

- Southern Actuarial Services invoice for 1/1/21 actuarial valuation (\$15,000.00)
- Invoices #209 and #210 (\$2,040.00 ea.) for April & May SEAS services.

The vote was unanimous in favor.

MINIMUM BALANCE REQUIREMENT (MBR) CALCULATION UPDATE

Wally Wilson of Seas asked the Board to turn to page 65 of the agenda packet regarding the MBR Calculations. Wilson stated as a result of the Contract with MetLife, for a number of years, retirees were being paid with a true annuity contract from MetLife. Wilson stated that as a result, MetLife required the plan to keep a minimum amount of assets to cover the contractual liabilities. Wilson stated the MBR will continue to decrease as retirees under the annuity contract come off the plan. Wally stated the MBR calculation for 03/31/21 is \$26,175,738 with an excess in assets of \$38,861,151.

Wilson further stated the City has been making substantial contributions to the fund over the years and the contribution was enough to pay for the benefit and expenses of the fund. However Wilson stated with the reduced amount the City will contribute in the future, the benefits and expenses will start to exceed the contributions. Wilson reported that should that happened the Board could liquidate some of the excess assets to pay for benefits/expenses. On the motion of Trustee Ray, second Trustee Sloan, the minutes were approved. The vote was unanimous in favor.

REPORTS

Comparative financial report for period ended 3-31-21.

Financial Report for 4-30-21

First Quarter Minimum Balance Requirement - MetLife

Market Indices Performance - March 31, 2021

Employee Pension Plan
Page 3
May 25, 2021

ADJOURNMENT

Chairman Hill thanked everyone for coming. There being no further business to come before the trustees, the meeting was adjourned at 3:25 p.m.

Gary Hill, Chairman

ATTEST:

Mike Sloan, Secretary
RECORDED
APPROVED

Memo

To: Board of Trustees
City of Dalton Employee's Pension Plan
From: Hilda Thompson
Wally Wilson
CC: Cindy Jackson
Date: July 13, 2021
Re: MetLife Investments

SEAS has reviewed the MetLife Minimum Balance Requirement (MBR). As of March 31, 2021, the MBR value was \$26.2 million and the assets at MetLife (valued according to the contract) were \$65 million. This leaves an excess over the MBR of \$38.8 million.

Fixed income assets totaled \$62 million as of June 30, 2021. This represents 41% of total assets. The investment policy calls for a target allocation of 50%. Therefore, we suggest increasing the fixed income assets.

SEAS recommends a transfer from the MetLife equity investment of \$5 million. This will leave an excess over the MBR of greater than \$30 million. We recommend the \$5.0 million be invested in the Vanguard Total Bond Market Index Fund (VBTIX). We recommend these transactions occur no later than August 31, 2021.

While the suggested \$5 million transfer leaves a very substantial excess assets over the MBR, SEAS feels it is justified by the recent change in determining City contribution requirements. Whereas in prior years, contributions were exceeding withdrawals, currently withdrawals are in excess of contributions.

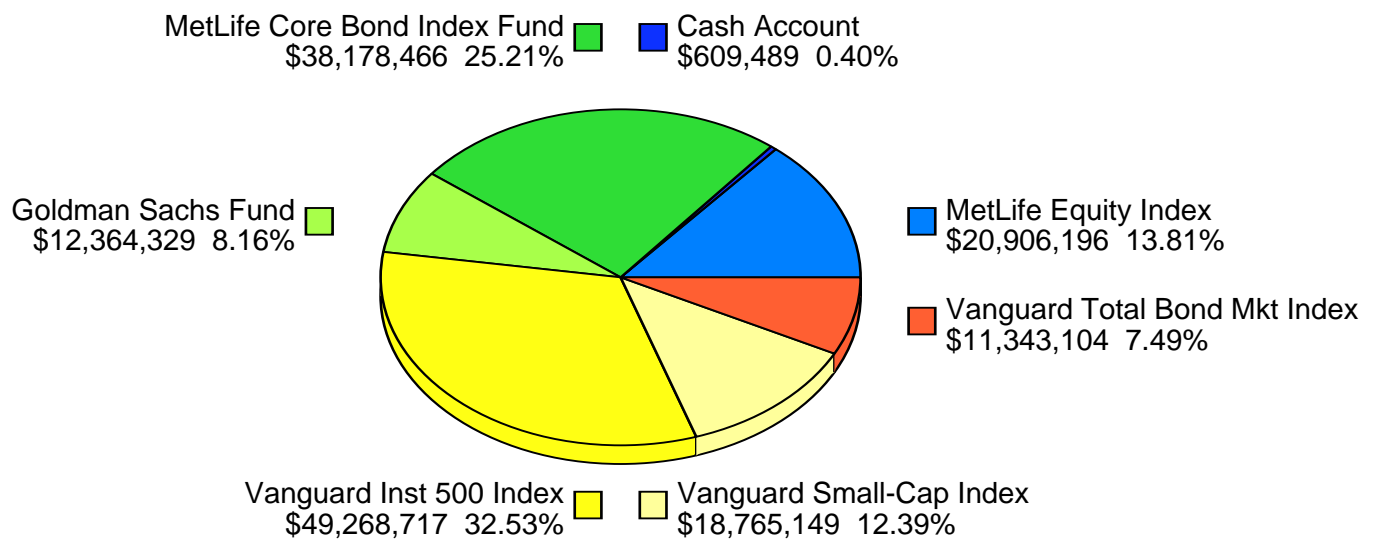


City of Dalton
Investment Performance Analysis
June 30, 2021

City of Dalton Total Fund Allocation By Manager Total Fund

June 30, 2021

\$151,435,450



City of Dalton

Performance Summary Table

Periods Ending 6/30/21

Manager	1 Mo	QTD	YTD	1 Year	3 Yrs	5 Yrs	10 Yrs
Total Large Cap Equity							
Total Return	2.34	8.56	15.25	40.80	18.68	17.61	14.80
Standard & Poors 500	2.33	8.55	15.25	40.79	18.67	17.65	14.84
MetLife Equity Index							
Total Return	2.36	8.61	15.28	40.86	18.72	17.78	14.89
Standard & Poors 500	2.33	8.55	15.25	40.79	18.67	17.65	14.84
Vanguard Inst 500 Index							
Total Return	2.33	8.54	15.24	40.77	18.65		
Standard & Poors 500	2.33	8.55	15.25	40.79	18.67		
Total Small Cap Equity							
Total Return	1.43	5.59	16.39	56.51	14.76	16.42	12.36
Russell 2000	1.94	4.29	17.54	62.03	13.52	16.47	12.34
Vanguard Small-Cap Index							
Total Return	1.43	5.59	16.39	56.51	14.76		
CRSP Small Cap Index	1.43	5.59	16.38	56.47	14.73		
Total Fixed Income							
Total Return	0.62	1.69	-1.52	-0.12	5.30	3.02	3.38
Barclays U.S. Aggregate	0.70	1.83	-1.60	-0.33	5.34	3.03	3.39
MetLife Core Bond Index Fund							
Total Return	0.71	1.84	-1.66	-0.48	5.32	2.98	
Barclays U.S. Aggregate	0.70	1.83	-1.60	-0.33	5.34	3.03	
Goldman Sachs Fund							
Total Return	0.21	0.96	-0.91	1.31	5.18	3.10	
Barclays Int Govt/Credit	0.08	0.98	-0.90	0.19	4.70	2.63	
Vanguard Total Bond Mkt Index							
Total Return	0.78	2.00	-1.68	-0.41	5.41		
BBG Barc U.S. Aggregate	0.70	1.83	-1.60	-0.33	5.34		
Cash Account							
Total Return	-0.00	-0.00	0.00	-0.00	0.16	0.25	0.18
91-Day Treasury Bill	-0.00	-0.00	0.02	0.09	1.34	1.17	0.63

City of Dalton
Performance Summary Table
Periods Ending 6/30/21

Manager	1 Mo	QTD	YTD	1 Year	3 Yrs	5 Yrs	10 Yrs
Total Fund							
Total Return	1.51	5.25	7.81	21.71	12.04	10.69	9.19
Policy Index	1.40	4.63	6.91	20.72	11.85	10.36	9.12
Indices							
91-Day Treasury Bill	-0.00	-0.00	0.02	0.09	1.34	1.17	0.63

INVOICE

TO: Ms. Cindy Jackson, C.P.A.
Chief Financial Officer
City of Dalton
City Hall/Finance Department
300 W. Waugh Street
P.O. Box 1205
Dalton, GA 30720

FROM: Southeastern Advisory Services, Inc.
3495 Piedmont Road, NE
Building 12, Suite 202
Atlanta, Georgia 30305

RE: Invoice Number 212 for Investment Consulting Services

DATE: July 1, 2021

Monthly retainer ending June 30, 2021

\$2,040.00

TOTAL:

\$2,040.00 ✓

Note: Invoice Payable upon receipt

CJ
7/11/21

INVOICE

TO: Ms. Cindy Jackson, C.P.A.
Chief Financial Officer
City of Dalton
City Hall/Finance Department
300 W. Waugh Street
P.O. Box 1205
Dalton, GA 30720

FROM: Southeastern Advisory Services, Inc.
3495 Piedmont Road, NE
Building 12, Suite 202
Atlanta, Georgia 30305

RE: Invoice Number 211 for Investment Consulting Services

DATE: June 1, 2021

Monthly retainer ending May 31, 2021

\$2,040.00

TOTAL:

\$2,040.00 ✓

Note: Invoice Payable upon receipt

CF
6/6/21

CC# 94648

Market Indices Performance

As of June 30, 2021

(%) Returns

	<u>1 Month</u>	<u>Q-T-D</u>	<u>Y-T-D</u>	<u>1 Year</u>	<u>3 Year</u>
<u>Equities</u>					
S&P 500	2.33	8.55	15.25	40.83	18.67
Russell 1000 Growth	6.27	11.93	12.99	42.53	25.14
Russell 1000 Value	-1.15	5.21	17.05	43.72	12.41
Russell 2000	1.94	4.29	17.54	62.08	13.52
MSCI EAFE	-1.13	5.17	8.83	32.38	8.27
MSCI Emerging Markets	0.17	5.05	7.45	40.94	11.27
<u>Fixed Income</u>					
Barclays Aggregate	0.70	1.83	-1.60	-0.33	5.34
Barclays Intermediate G/C	0.08	0.98	-0.90	0.19	4.70
Barclays 1-3 Year G/C	-0.15	0.04	0.00	0.44	2.95
Barclays High Yield	1.34	2.74	3.62	15.38	7.44
90 Day T Bills	0.00	0.01	0.03	0.08	1.31

SOUTHEASTERN ADVISORY SERVICES, INC.

Registered Investment Advisor



**CITY OF DALTON PENSION
MBR CALCULATION**

Period Ended	<u>12/31/17</u>	<u>12/31/18</u>	<u>12/31/19</u>	<u>12/31/20</u>	<u>06/30/20</u>	<u>06/30/21</u>
MBR	\$ 31,837,567	\$ 28,791,767	\$ 28,467,408	\$ 28,753,560	\$ 30,465,733	\$ 26,240,057
<i>Equities:</i>						
Large Cap Index Fund	25,137,254	14,710,139	14,449,358	18,338,135	14,395,428	20,906,196
Small Cap Index Fund	-	-	-	-	-	-
Sub-total	25,137,254	14,710,139	14,449,358	18,338,135	14,395,428	20,906,196
Equities at 75%	18,852,941	11,032,604	10,837,019	13,753,601	10,796,571	15,679,647
Fixed income at 100%	42,700,883	42,913,229	47,096,050	51,549,519	50,249,298	50,542,795
Payment fund at 100%	612,361	627,264	610,462	601,968	613,893	609,489
Recognized assets	62,166,185	54,573,097	58,543,531	65,905,088	61,659,762	66,831,931
Minimum required balance	31,837,567	28,791,767	28,467,408	28,753,560	30,465,733	26,240,057
Excess (deficit) assets	\$ 30,328,618	\$ 25,781,330	\$ 30,076,123	\$ 37,151,528	\$ 31,194,029	\$ 40,591,874

CITY OF DALTON EMPLOYEE PENSION PLAN

FINANCIAL REPORT

JUNE 30, 2021

City of Dalton
Pension Trust Fund
Statement of Net Position
June 30, 2021 and 2020
(Unaudited)

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents:		
Cash	\$ 2,650	\$ 3,016
Payment fund	609,489	613,893
Investments, at fair value		
MetLife large cap index equity fund	20,906,196	14,395,428
MetLife fixed income - core bond index	38,178,466	38,090,599
MetLife fixed income - Goldman Sachs	12,364,329	12,158,699
Vanguard - 500 index fund	49,268,717	34,999,352
Vanguard - small cap index fund	18,765,149	11,990,025
Vanguard - bond market index	11,343,104	11,389,440
Total Assets	<u>\$ 151,438,100</u>	<u>\$ 123,640,452</u>
 Liabilities		
Accounts payable	<u>3,198</u>	<u>2,415</u>
Total Liabilities	<u>3,198</u>	<u>2,415</u>
 Total Net Position	<u><u>\$ 151,434,902</u></u>	<u><u>\$ 123,638,037</u></u>

City of Dalton
Pension Trust Fund
Statement of Change in Net Position
For the Six Months Ended June 30, 2021
With Comparative Amounts for 2020
(Unaudited)

	<u>2021</u>	<u>2020</u>
Additions		
Contributions:		
Employer	\$ 3,240,863	\$ 4,366,514
Plan members	313,092	319,465
Total contributions	<u>3,553,955</u>	<u>4,685,979</u>
Investment income:		
Interest, dividends and realized gains	2,913,653	2,346,151
Net increase (decrease) in fair value investments	<u>8,068,239</u>	<u>(1,942,799)</u>
Total investment income	10,981,892	403,352
Less: investment expense	<u>93,099</u>	<u>91,643</u>
Net investment income	<u>10,888,793</u>	<u>311,709</u>
Total Additions	<u>14,442,748</u>	<u>4,997,688</u>
Deductions		
Pension benefits	3,868,012	3,821,550
Legal fees	288	9,466
Fiduciary insurance	9,695	9,129
Accounting and audit fees	-	-
Actuarial fees	15,000	15,000
Consulting fees	12,240	12,240
Training	1,200	-
Administrative fees	<u>850</u>	<u>750</u>
Total Deductions	<u>3,907,285</u>	<u>3,868,135</u>
Change in Net Position	10,535,463	1,129,553
Net Position Beginning of Year	140,899,439	122,508,484
Net Position End of Period	<u>\$ 151,434,902</u>	<u>\$ 123,638,037</u>

City of Dalton
Pension Trust Fund
Supplemental Schedule
For the Six Months Ended June 30, 2021
With Comparative Amounts for 2020
(Unaudited)

	2021	2020
Investment income:		
Interest income:		
City's cash account interest	\$ 155	\$ 58
Payment fund interest	3	30
	<u>158</u>	<u>88</u>
Investment income:		
Index equity large cap	141,583	139,338
Fixed Income - core bond index	334,180	442,009
Fixed income - Goldman Sachs	84,515	103,751
Vanguard - 500 index fund	322,592	331,640
Vanguard - small cap index fund	93,661	64,947
Vanguard - bond market index	106,703	136,164
	<u>1,083,234</u>	<u>1,217,849</u>
Realized gains (losses):		
Index equity large cap	1,221,766	686,085
Fixed Income - core bond index	105,221	60,026
Fixed income - Goldman Sachs	34,183	207,129
Vanguard - 500 index fund	462,119	174,974
Vanguard - small cap index fund	-	-
Vanguard - bond market index	6,972	-
	<u>1,830,261</u>	<u>1,128,214</u>
Total investment income	<u><u>\$ 2,913,653</u></u>	<u><u>\$ 2,346,151</u></u>
Change in fair value:		
Index equity large cap	1,413,462	(1,258,463)
Fixed Income - core bond index	(1,085,178)	1,702,370
Fixed income - Goldman Sachs	(232,641)	296,768
Vanguard - 500 index fund	5,731,321	(1,618,142)
Vanguard - small cap index fund	2,548,776	(1,610,001)
Vanguard - bond market index	(307,501)	544,669
Total change in fair value	<u><u>\$ 8,068,239</u></u>	<u><u>\$ (1,942,799)</u></u>
Investment expense:		
Payment fund		
Risk charges	\$ 5,620	\$ 5,991
Fund charges	31,902	33,177
	<u>37,522</u>	<u>39,168</u>
Investment funds		
Index equity large cap	8,662	7,279
Fixed Income - core bond index	17,759	17,275
Fixed income - Goldman Sachs	29,156	27,921
	<u>55,577</u>	<u>52,475</u>
Total investment expense	<u><u>\$ 93,099</u></u>	<u><u>\$ 91,643</u></u>

CITY OF DALTON EMPLOYEE PENSION PLAN

FINANCIAL REPORT

MAY 31, 2021

City of Dalton
Pension Trust Fund
Statement of Net Position
May 31, 2021 and 2020
(Unaudited)

	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents:		
Cash	\$ 17,042	\$ 655
Payment fund	613,286	608,205
Investments, at fair value		
MetLife large cap index equity fund	20,456,281	14,056,980
MetLife fixed income - core bond index	37,935,847	37,836,386
MetLife fixed income - Goldman Sachs	12,351,025	12,059,111
Vanguard - 500 index fund	48,146,800	34,317,614
Vanguard - small cap index fund	18,501,440	11,692,364
Vanguard - bond market index	11,255,399	11,309,347
Total Assets	<u>\$ 149,277,120</u>	<u>\$ 121,880,662</u>
 Liabilities		
Accounts payable	<u>12,768</u>	<u>2,290</u>
Total Liabilities	<u>12,768</u>	<u>2,290</u>
 Total Net Position	<u><u>\$ 149,264,352</u></u>	<u><u>\$ 121,878,372</u></u>

City of Dalton
Pension Trust Fund
Statement of Change in Net Position
For the Five Months Ended May 31, 2021
With Comparative Amounts for 2020
(Unaudited)

	<u>2021</u>	<u>2020</u>
Additions		
Contributions:		
Employer	\$ 2,716,522	\$ 3,643,903
Plan members	242,547	266,946
Total contributions	<u>2,959,069</u>	<u>3,910,849</u>
Investment income:		
Interest, dividends and realized gains	2,313,243	1,902,584
Net increase (decrease) in fair value investments	<u>6,416,864</u>	<u>(3,146,755)</u>
Total investment income	8,730,107	(1,244,171)
Less: investment expense	<u>77,551</u>	<u>76,155</u>
Net investment income	<u>8,652,556</u>	<u>(1,320,326)</u>
Total Additions	<u>11,611,625</u>	<u>2,590,523</u>
Deductions		
Pension benefits	3,209,604	3,178,446
Legal fees	288	7,235
Fiduciary insurance	9,695	9,129
Accounting and audit fees	-	-
Actuarial fees	15,000	15,000
Consulting fees	10,200	10,200
Administrative fees	625	625
Training	1,200	-
Miscellaneous	<u>100</u>	<u>-</u>
Total Deductions	<u>3,246,712</u>	<u>3,220,635</u>
Change in Net Position	8,364,913	(630,112)
Net Position Beginning of Year	140,899,439	122,508,484
Net Position End of Period	<u>\$ 149,264,352</u>	<u>\$ 121,878,372</u>

City of Dalton
Pension Trust Fund
Supplemental Schedule
For the Five Months Ended May 31, 2021
With Comparative Amounts for 2020
(Unaudited)

	2021	2020
Investment income:		
Interest income:		
City's cash account interest	\$ 157	\$ 4
Payment fund interest	1	33
	<u>158</u>	<u>37</u>
Investment income:		
Index equity large cap	118,562	118,204
Fixed Income - core bond index	273,998	373,894
Fixed income - Goldman Sachs	67,757	90,858
Vanguard - 500 index fund	161,701	161,400
Vanguard - small cap index fund	47,078	38,438
Vanguard - bond market index	89,094	114,821
	<u>758,190</u>	<u>859,177</u>
Realized gains (losses):		
Index equity large cap	962,421	591,038
Fixed Income - core bond index	96,592	42,399
Fixed income - Goldman Sachs	26,791	196,521
Vanguard - 500 index fund	462,119	174,974
Vanguard - small cap index fund	-	-
Vanguard - bond market index	6,972	-
	<u>1,554,895</u>	<u>1,043,370</u>
Total investment income	<u><u>\$ 2,313,243</u></u>	<u><u>\$ 1,902,584</u></u>
Change in fair value:		
Index equity large cap	1,212,752	(1,425,367)
Fixed Income - core bond index	(1,285,678)	1,573,405
Fixed income - Goldman Sachs	(234,557)	230,080
Vanguard - 500 index fund	4,770,294	(2,129,639)
Vanguard - small cap index fund	2,331,650	(1,881,153)
Vanguard - bond market index	(377,597)	485,919
Total change in fair value	<u><u>\$ 6,416,864</u></u>	<u><u>\$ (3,146,755)</u></u>
Investment expense:		
Payment fund		
Risk charges	\$ 4,683	\$ 4,993
Fund charges	26,581	27,606
	<u>31,264</u>	<u>32,599</u>
Investment funds		
Index equity large cap	7,164	6,048
Fixed Income - core bond index	14,813	14,336
Fixed income - Goldman Sachs	24,310	23,172
	<u>46,287</u>	<u>43,556</u>
Total investment expense	<u><u>\$ 77,551</u></u>	<u><u>\$ 76,155</u></u>