

# MINUTES

## BOARD OF COMMISSIONERS OF THE MAGISTRATES RETIREMENT FUND OF GEORGIA

Monday, June 3, 2024  
1208 Greenbelt Drive  
Griffin, Georgia 30224

A regular meeting of the Board of Commissioners of the Magistrates Retirement Fund of Georgia was held on Monday, June 3, 2024, at 10:00 a.m.

### I. CALL TO ORDER

The meeting was called to order at 10 a.m. by Chair Moss. The following is a list of persons present at the meeting:

#### A. Board Members and Staff

Judge Mary Kathryn Moss, Board Chair  
Judge Brendan Murphy, Board Vice Chair  
Judge Berryl Anderson, Board Member (via video)  
Judge Rita Cavanaugh, Board Member  
Judge Connie Holt, Board Member  
Harlan Proveaux, Board Member  
Cody Whitlock, Board Member (via video)  
Homer Bryson, Secretary-Treasurer  
Brandt Barlow, CFO  
Jebby Votaw, Board Secretary  
Joe Griffin, Foster and Foster (via video)

#### B. Financial Advisors

Jim Fallon and Paul Troup - AmRet

**Absent:** Bryan Schivera, Attorney to the Board

### II. APPROVAL OF THE MINUTES

*Judge Cavanaugh made a motion, seconded by Mr. Proveaux, to approve the Minutes of the Board Meeting held February 26, 2024. The vote of approval was unanimous.*

### III. REPORTS OF OFFICERS AND COMMITTEES

Joe Griffin, Foster and Foster, presented the Proposed Benefit Improvements for the Magistrates Retirement Fund. Mr. Griffin reported that the Fund can support a 1.5% COLA effective July 1, 2024. *A motion was made by Judge Holt, seconded by Judge Cavanaugh, to approve the 1.5% COLA effective July 1, 2024. The vote of approval was unanimous.*

Jim Fallon, AmRet, told the Board the SMID Value finalists will be scheduled for interviews at the August meeting. The finalists are Victory Capital Management, Kennedy Capital Management, and Systematic Financial Management.

Mr. Fallon made a correction to the Asset Liability Study and suggested that prior to the IPS being brought to the Board for a signature, he should go through the Study with the Board and obtain signatures afterward.

Paul Troup stated that the Large Cap Growth Market is up 13% while our Large Cap Value Manager, Crawford, is only up 10% due to lack of investment in utility, energy, and communication stocks. Crawford is a dividend-oriented company. When interest rates rise, energy company dividends can be affected. Due to this, Crawford did not do well this quarter.

Core International: Up 6% for the quarter and 15% for the year. Both returns are low compared to domestic equity.

Emerging Markets: The Fund does not participate due to China.

Fixed Income: Sage was down .6% for the quarter and up 2% for the past 12 months. As interest rates go up, bond rates go down. The shorter the maturity, the better the return.

Bank loans: Not a good investment currently. If interest rates go up, loan rates also go up, which causes defaults due to banks lowering their lending requirements.

Asset Allocation: This has not changed because it has not been voted on by the Board. The Equity Traded Fund will be replaced with one of the SMID Managers being interviewed at the August meeting.

Mr. Troup stated that the past 12 months have yielded a 39% return from Waycross.

Total portfolio gross returns for the last quarter were 5.90% and 16.14% over the last year.

For the Asset Liability Study: Callan's Capital Market forecast over the next ten years is most likely 7.4% per year, which will add an additional \$29 million over ten years.

Private equity commitment: No capital call yet, but Mr. Fallon states it should be this month.

The Fund currently has a 141% funded status.

Mr. Troup discussed Deterministic Returns and Stochastic Returns. Deterministic Returns are based on actuarial figures. Taking the 6.5% target per year and adjusting for additional members and retirees, the Fund will be 151% funded in ten years.

Stochastic returns subject the actuarial report to the variable investment performance

that can happen in any given year. Instead of one actuarial report, the system does 1500 reports per year and gives a moving picture of the returns. This makes 7.4% the most likely return and increases the 151% funding to 163% for the funded ratio at the end of the tenth year. To decrease the amount of risk the Fund has embedded in it, reducing common stock exposure from 54% to 40% is the most logical approach. This would take the 7.4% down to 7.1% and the funded status from 163% to 157%. Decreasing the amount of risk for the Fund and increasing the fund health at the end of the decade will result in being stronger.

Mr. Proveaux asked if this needed to be voted on today. Mr. Troup's response was that Fixed Income is not at its best. Interest rates have gone up. Predictions for fixed income in the next decade are 5 - 10% per year. The Fund currently receives a reasonable return on fixed income due to buying cheap bonds and moving out of seasoned equities that have benefited the Fund over the past twelve months.

Judge Murphy reminded the Board that our actuary, Joe Griffin, has been requested to do a study on models that show benefit changes that would affect the funded status. The Board wants to make sure the beneficiaries are taken care of. Judge Moss stated that she does not believe there was a previous discussion on how they would react with asset allocation.

Mr. Troup stated that if you add benefits, liability changes. If you raise benefits, funding will decrease from the 151% previously stated.

Brandt Barlow stated the actuary uses 6.5% in calculations. Using 7.1% or 7.4% will result in additional funding.

Homer Bryson suggested that the Board receive the requested information from the actuary before considering AmRet's potential changes. The Board can review the information at the August board meeting.

Judge Murphy requested we put the IPS on the August agenda for a vote and send a copy of the current IPS to the Board. He also requested the red line change version of the IPS be sent to the Board in advance of the next meeting to allow time to review.

Judge Murphy stated there were previously three options given and asked if this is the one AmRet recommends. Mr. Troup confirmed.

Judge Moss brought up the Sage Aggregate from last year, which was 2.2%. She requested Mr. Fallon provide numbers for the previous 3- and 5-year marks for Sage/Fixed Income since there is discussion of moving from 36% to 50% with Sage. She would like statistical numbers on Sage vs. the Index for the Board to feel more confident. Mr. Fallon stated he would provide these.

Mr. Troup stated that if the FI\_50 strategy is adopted, it would be wise to consider diversifying the fixed income portfolio.

Judge Moss asked if other managers would be considered, and Mr. Fallon stated they would be. Brandt Barlow stated the same should be done with Private Equity since the Fund is committed to 5% with Mesirov. Mr. Troup and Mr. Fallon suggested looking at real estate and private credit. Mr. Barlow stated it is a \$2 million commitment. Mr. Fallon told the Board that it is a good idea to wait on both items.

Judge Murphy requested the following for the August meeting:

1. the SMID managers interviews
2. look at diversification in the Core Fixed
3. the redline version of the IPS
4. finalize what to do with the other 5% of Private Equity

Mr. Fallon reiterated that he will:

1. bring potential SMID Managers to the August meeting
2. prepare the redline version of the IPS
3. work with the actuary to get the needed reports

Judge Moss requested that Mr. Fallon look at other Fixed Income Managers for the Board to review. She also requested that the actuary complete a report using a five year census vs. the ten year census for population of the counties and would like this added to the August agenda. If the five year census can be used, the change can be a Board Policy addition.

Brandt Barlow reviewed the FY25 Budget. He added that the Department of Audits has not completed their annual audit for the Fund. A copy of the report will be sent to the Board as soon as Mr. Barlow receives it. *A motion was made by Judge Holt, seconded by Mr. Proveaux, to approve the FY25 Budget.*

Homer Bryson presented the Membership report. There are 129 active members, 43 retirees, and 10 survivors in payment. Total pensions paid for May 2024: \$90,537.75.

#### IV. LEGAL MATTERS

The attorney was not present, but had nothing to report to the Board.

#### V. OTHER BUSINESS

*A motion was made by Judge Murphy, seconded by Judge Holt, to approve an actuarial study to increase member benefits. The vote of approval was unanimous.* Judge Murphy reminded the Board that this was discussed at the February meeting and is reflected in the February 26, 2024, Minutes. Brandt Barlow stated that the items being looked at are:

- Increasing the multiplier from 4% to 5%.
- Combining the multiplier with additional terms of 24, 28, and 30 years.

Judge Murphy asked Mr. Barlow to send the Board a copy of the information requested

from Foster and Foster.

Mr. Barlow provided an update on Courts and Dues. He stated that some court reports were late due to USPS issues that are statewide. Jenkins County has been late with their remittances but has sent in the missing reports and are catching up fees.

Judge Grizzle, Franklin County, is behind on his monthly dues as his county withdraws them from his pay but is not sending the payments to our office. Judge Grizzle could be suspended from membership, but the Board told Staff to allow a one-time extension of 90 days to allow him to bring his dues current. *A motion was made by Mr. Proveaux, seconded by Judge Murphy, to allow Judge Grizzle an additional 90 days to bring his dues current.*

There was discussion by the Board on three items. Judge Murphy stated he would reach out to the attorney to request a legal opinion on the following:

1. Can an active Magistrate Judge freeze their Magistrate's Retirement Fund account to pursue joining their county retirement due to the county they serve not allowing a Magistrate Judge to be in both retirement funds?
2. For a civil cause of action for ejecting intruders that is brought to Magistrate Court and the intruder files a counter affidavit, does the original petitioner owe the Court a filing fee? The relevance to the Board is that a statutory tack-on fee would be required.
3. Current practice is to use the Decennial Census to establish a member's population bracket. Is the Board free to adopt a more frequent modification schedule to use a different reference?

The Board was reminded of the GAPPT Conference in September.

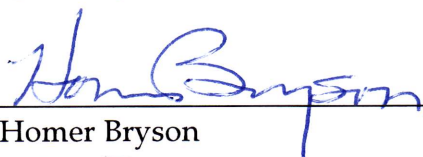
## VI. FUTURE MEETING SCHEDULE

The consensus of the board was approval of the following meeting:  
Monday, August 26th, 2024.

## VII. ADJOURNMENT

*There being no further business to come before the Board, Mr. Proveaux made a motion, seconded by Judge Murphy, to adjourn the meeting. The vote of approval was unanimous.*

Respectfully submitted,

  
P. Homer Bryson  
Secretary/Treasurer