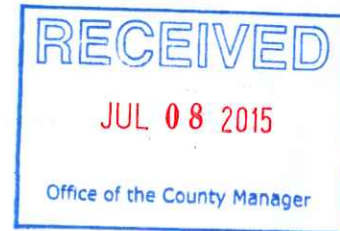


IPC

INDEPENDENT PORTFOLIO CONSULTANTS, INC.

July 7, 2015

Dale,



Attached please find two copies of the Amended Master Statement of Investment Policy for The Macon – Bibb County Pension Plan. The summary of the changes are reflected on page 3. The changes reflect the County Plan being reclassified as a “Small Plan” from a “Large Plan” by the Georgia State Auditor, which required a maximum 55% equity and prohibits investments in business entities organized in a country other than the United States or Canada. In addition, Georgia House Bill 217 became effective July 1, 2015 to allow the use of mutual funds, commingled funds and collective investment funds.

Please sign and date one copy and return to me in the self- addressed stamped envelope, retaining the other copy for your files.

Thank you.

A handwritten signature in black ink, appearing to read "John".

John

John B. Whitley, CIMA[®]
Managing Director
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Master Statement of Investment Policy



Master Statement of Investment Policy Statement (“MSOP”)

for

The Macon-Bibb County Pension Plan

October 2014
(Amended July 2015)

Master Statement of Investment Policy

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Georgia's Official Code of Georgia Title 47, Chapter 20, Article 7, et. seq.
and § 47-1-12

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I. Summary of Revisions

- ❑ Based on letter dated January 1, 2015 from The Department of Audits and Accounts, Greg S. Griffin, State Auditor, the Plan did not meet the requirements of a “large retirement plan” under Public Retirement Systems Standards Law (O.C.G.A. §47-20-1 et seq.) and has been declared a “small retirement plan” because the unfunded accrued liability exceeded 30% of the market value of the plan. Retirement systems that do not qualify as a large retirement system may not invest more than 55 percent of retirement system assets in equities. Also, investments in business entities organized in a country other than the United States or Canada are prohibited for these systems. Therefore, based on direction from the County Manager, the plan investments were modified to comply with the requirements of a “small retirement plan.”
- ❑ Reference to Georgia House Bill 217 which became effective July 1, 2015, amendment to Code Section 47-20-83 to allow “shares of mutual funds registered with the Securities and Exchange Commission of the United States under the Investment Company Act of 1940, as amended; and Commingled funds and collective investment funds regulated by the Office of the Comptroller of the Currency of the United States Department of the Treasury, including common and group trusts, and, to the extent the funds are invested in such collective investment funds, the funds shall adopt the terms of the instruments establishing any group trust in accordance with applicable United States Internal Service Revenue Rulings.”

Master Statement of Investment Policy

II. Introduction

Purpose of this Master Statement of Investment Policy

The purpose of this Master Statement of Investment Policy (“MSOP”) is: 1) to establish a clear understanding of the Macon-Bibb County Pension Plan’s purpose, investment philosophy and investment goals which the Pension Committee judge to be appropriate and prudent for the management of the Plan Assets, in consideration of the needs of the Plan’s participants and beneficiaries and in compliance with the Public Retirement Systems Investment Authority Law, State of Georgia’s Official Code of Georgia Title 47, Chapter 20, Article 7, et. seq. and § 47-1-12 and, 2) to provide asset allocation and Investment Manager implementation guidelines that are most suitable to meet those goals. It is designed to be the basis for all future investment decisions and serves the following purposes:

- ❑ Provides a guide and accountability framework for investment decision makers;
- ❑ Identifies goals;
- ❑ Creates a mechanism and a discipline for all future investment decisions.

The MSOP requires the following steps that are incorporated in this document: 1) assess the current situation, 2) set objectives and 3) develop a strategy for meeting those objectives. There are six main elements:

- ❑ Establish reasonable expectations and guidelines for the investment of the portfolio’s assets;
- ❑ Define permitted asset classes and allocation among the asset classes;
- ❑ Create a framework and process for selecting suitable asset classes and investment managers;
- ❑ Create a mechanism for measuring and tracking portfolio performance against relevant benchmarks or other criteria;
- ❑ Define standards for making ongoing adjustments based on changing market conditions, needs and/or changing circumstances;
- ❑ Define responsibilities for administrative support and communication for all interested entities.

These policies will be reviewed by the Pension Committee periodically and revised as necessary to ensure they adequately reflect the current financial requirements of the Plan and the capital markets.

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Definitions

1. "Pension Committee" refers to the persons governing the Plan established to administer and manage the assets of the Plan in compliance with Public Retirement Systems Investment Authority Law, State of Georgia's Official Code of Georgia Title 47, Chapter 20, Article 7, et. seq. and § 47-1-12
2. "Investment Fiduciary" means any person, group of persons or organizations who performs any of the following functions:
 - (a) Exercises any discretionary authority or control in the investment of the Plan's assets;
 - (b) Has acknowledged in writing that the firm is an Investment Fiduciary with respect to the assets of the Plan.
3. "Investment Manager" means any individual, group of individuals, or organizations employed to manage the investments of all or part of the Plan Assets.
4. "Investment Management Consultant" means any individual or organization employed to provide advisory services, including advice on investment objectives and/or asset allocation, manager search and selection, and performance monitoring.

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Investment Objectives

The Pension Committee recognizes the following factors in establishing investment objectives:

- ❑ The MSOP is primarily designed to measure the overall long term results of the Plan through the effectiveness of the manager and style selection correlations in achieving the overall expected returns that are also in line with the risk objectives and investment parameters established in the MSOP. To that end, achieving the overall results of the total Plan are more important than the Individual Manager selections and style results in assessing the top three investment objectives for the Plan;
- ❑ Various managers, and style segments, of the markets cycle in and out of favor over a completed market cycle and the objective is not to time the markets or style segments by making such bets, but to coordinate an overall investment plan that meets the Plan's overall objectives and reduces the risk associated with market and style segment timing;
- ❑ Since the overall results of the manager and style correlations are the primary focus of the performance measurement and benchmark objectives, then the Individual Managers and style selection benchmark considerations are secondary to the overall objectives and performance expectations for the Plan.

The MSOP is designed to meet the following objectives:

- ❑ Provide coordination and efficiency with investable assets;
- ❑ Meet or exceed the benchmarks established for the combined portfolio and each manager over a complete market cycle;
- ❑ Meet or exceed the investment return objectives contained in the actuarial assumptions;
- ❑ Preserve and grow principal to combat the effects of inflation and to grow assets to meet future needs of the Plan, over a complete market cycle;
- ❑ Mitigate risk through prudent and proper company, sector and asset diversification;
- ❑ Create a mechanism for measuring and tracking portfolio performance against the appropriate benchmarks;
- ❑ Serve as a reference tool, an operating code, and a communications link between the Pension Committee, consultants, Investment Managers, custodian and other professional advisers.

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The top three investment objectives are:

- (1) **Long Term Growth of Capital** while avoiding excessive risk to grow the Plan assets to cover future benefit payments and expenses;
- (2) **Preservation of Capital** to achieve a balanced return of current income and growth of principal;
- (3) **Average, annual, nominal return of 7.5%, the actuarial assumed rate of return.**

The investment time horizon will be considered long term, incorporating a full economic cycle of both economic expansions and recessionary periods. A minimum time horizon is 10 years.

This MSOP is intended to be a summary of an investment philosophy that provides guidance to the Pension Committee. It is understood that there can be no guarantees about the attainment of goals or investment objectives outlined here.

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III. Information about Retirement Committee and this Plan

Macon-Bibb County Commissions and Pension Committee

700 Poplar St.

Macon, GA 31202

Phone:

(478) 751-7244

Email: contact@maconbibb.us

Primary Contact

Dale M. Walker, County Manager

Email: DWalker@maconbibb.us

Approximate Portfolio Value

\$113 million *(Market value as of 3/31/2015)*

Purpose and Scope of the Plan

The Plan is a defined benefit plan. The fiduciaries are the Macon-Bibb County Board of Commissioners. As fiduciaries, the Macon-Bibb County Board of Commissioners are ultimately responsible for the Plan. The Commissioners have delegated the decisions contained in this MSOP to the Pension Committee. The plan currently has 1219 participants of which 744 are active participants, 65 Inactive Participants, and 410 Retired/Beneficiaries. As of 12/31/2013, the Plan is 70.8% funded. Actuarial assumed rate of return is 7.5%. Minimum recommended contributions of 16.85% for the fiscal year ended 6-30-15. Gains and losses are reflected in the unfunded accrued liability that is being amortized by regular annual contributions as a percentage of payroll within a 19 year period on the assumption that payroll will increase 4.25% annually.

Based on letter dated January 1, 2015 from The Department of Audits and Accounts, Greg S. Griffin, State Auditor, the Plan did not meet the requirements of a "large retirement plan" under Public Retirement Systems Standards Law (O.C.G.A. §47-20-1 et seq.) and has been declared a "small retirement plan" because the unfunded accrued liability exceeded 30% of the market value of the plan. Retirement systems that do not qualify as a large retirement system may not invest more than 55 percent of retirement system assets in equities. Also, investments in business entities organized in a country other than the United States or Canada are prohibited for these systems. Therefore, based on direction from the County Manager, the plan investments were modified to comply with the requirements of a "small retirement plan."

The plan is funded by employer contributions and is actuarially determined. A new accounting standard, the Governmental Accounting Standards Board Statements Nos. 67 and 68 (GASB

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67/68) will become effective for the plan's future financial statements. GASB 67/68 replaces GASB 25/27, makes major changes to the calculation of the accounting cost of the pension plan. Actuarial assumptions reflect 4% inflation with no cost-of-living adjustments. Funds are to be used for the accumulation and investment of funds solely in the interests of participants and beneficiaries of the plan for the exclusive purpose of providing benefits accrued thereunder and defraying the reasonable expenses of administration. Five year smoothing currently for actuarial valuation. Rate of return based on actuarial value as of 12-31-13 was 5.57%.

Governance

The Plan is administered and managed by the Macon-Bibb County Commission consisting of ten (10) members.

Time Horizon and Risk Tolerance

The investment time horizon will be considered long term, incorporating a full economic cycle of both economic expansions and recessionary periods. Minimum time horizon is 10 years. The risk tolerance is moderate plus; focusing more on growth of capital, followed by preserving capital. Require capital appreciation; average/just above average return; balanced approach with tilt towards equities and growth. Risk objective is accept risk to principal; accept average loss of principal to generate return; prefer growth/equity tilt, a balanced approach; average market risk/average level of volatility. Moderate plus translates to a 65/35 equity/fixed income allocation. However, based on Georgia Code Section O.C.G.A. §47-20-1 et seq, the plan is considered a "small plan" and the maximum allocation to equities is 55%.

Consultant and Custodian

The Plan is utilizing Independent Portfolio Consultants, Inc.'s ("IPC's") business model of a "manager of managers" approach to investment consulting that incorporates services offered under the Independent Managed Assets Program ("IMAP-D") The specific services provided are outlined in this document. First Clearing Corporation, a subsidiary of Wells Fargo Bank, serves as custodian.

Tax and Regulatory Status

As a governmental plan, the Plan is subject to the applicable provisions of the Internal Revenue Code of 1986, as amended, and the, Public Retirement Systems Investment Authority Law, State of Georgia's Official Code of Georgia Title 47, Chapter 20, Article 7, et. seq. and § 47-1-12 and is not subject to the Employee Retirement Income Security Act of 1974, as amended. The Plan assets are invested in accordance with this Master Statement of Investment Policy (MSOP) and addenda

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IV. Responsibilities of Plan Representatives

Pension Committee

The Pension Committee acknowledges its responsibility as a fiduciary to the Plan. In this regard, the Pension Committee must act prudently and for the exclusive interest of the Plan's participants and beneficiaries. Duties and responsibilities include:

1. Complying with the provisions of pertinent federal, state and local laws and regulations;
2. Developing sound and consistent investment goals, objectives and performance measurement standards which are consistent with the needs of the Plan;
3. Appointing and evaluating qualified Investment Managers and consultant(s) to invest and manage the Plan's assets;
4. Determining, with the advice of the investment consultant, how the Plan's assets should be allocated among the various asset classes;
5. Reviewing and evaluating the results of the Investment Managers in context of established standards of performance;
6. Taking whatever corrective action is deemed prudent and appropriate when an Investment Manager fails to perform as mutually expected;
7. Review and deal prudently with any conflicts of interest.

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Independent Portfolio Consultants, Inc.

Independent Portfolio Consultants, Inc. ("IPC") acknowledges its responsibility as an investment advisor fiduciary of the Plan. The primary role of IPC is to act as investment advisor and provide investment management services that will enable the Pension Committee to make well informed decisions regarding the investment of the Plan's assets. The duties and responsibilities include:

1. Performing ongoing due diligence review and analysis of an Investment Manager's adherence to its investment style, process, and philosophy;
2. Requiring that investment performance is reported in accordance with the Global Investment Performance Standards (GIPS[®]), except Multiple Manager Strategy Portfolios (MMSP);
3. Ongoing due diligence review of Investment Managers to determine what, if any, changes have taken place at each firm that may have an adverse impact on the portion of the portfolio for which the Investment Manager is responsible;
4. Reviewing the underlying Statements of Investment Policy, at least quarterly, to insure adherence to the policies set forth therein;
5. Determining, in consultation with the Pension Committee, if any modifications to the Statements of Investment Policy or Master Statement of Investment Policy are required.
6. Computing and reporting actual investment results quarterly through a performance measurement report, to compare the results to the appropriate benchmarks and any other measures required for one, three, and five-year periods ending with the most recent quarter. Performance versus assigned benchmarks will be reported for the total portfolio, for each asset class, and for each money manager, net of fees;
7. Arranging for the execution of stock and bond trades through the Broker-Dealer;
8. Maintaining online interface and daily balancing of accounts with the Plan's designated bank and custodian;
9. Conducting asset allocation studies when deemed appropriate and/or at the request of the Pension Committee;
10. Conducting periodic educational workshops upon request;
11. Compliance with the Public Retirement Systems Investment Authority Law, Public Retirement Systems Investment Authority Law, State of Georgia's Official Code of Georgia Title 47, Chapter 20, Article 7, et. seq. and § 47-1-12; subsequent amendments to be provided by the Retirement Committee to IPC;
12. Manager of Managers – to recommend the hiring or replacement of the current Investment Manager(s), based on Numbers 1, 2, 3 and 6 above.

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Custodian

The Custodian is responsible for the safekeeping of the Portfolio's investment assets. The specific duties and responsibilities of the custodian include:

1. Provide adequate safekeeping services;
2. Settle securities transactions in a timely manner;
3. Collect fund income when due;
4. Provide adequate accounting and account access services;
5. Prepare useful, accurate, and timely investment reports;
6. Provide required cash-management services;
7. Provide adequate administrative support;
8. Process proxy administration promptly and accurately;
9. Publish an annual statement of all assets and activities as required by regulation.

Investment Managers

It is the responsibility of the Retirement Committee, with the assistance of the investment consultant, to select prudent Investment Managers to manage the assets. Such managers can include regulated banks or insurance companies, mutual funds registered under the Investment Company Act of 1940, exchange traded funds or registered investment advisors. With respect to any mutual or other commingled funds that have been purchased by the Portfolio, the prospectus or Declaration of Trust documents of the fund(s) will govern the investment policies of those assets.

The following guidelines apply to separately managed accounts.

Fiduciary Responsibilities

Each Investment Manager is expected to prudently manage the Portfolio's assets in a manner consistent with the investment objectives, guidelines, and constraints outlined in this MSOP, their separate Statements of Investment Policy and in accordance with applicable laws including Public Retirement Systems Investment Authority Law, State of Georgia's Official Code of Georgia Title 47, Chapter 20, Article 7, et. seq. and § 47-1-12.

Each Investment Manager Shall:

- Be a bank, insurance company or be registered as an investment adviser under the Investment Advisers Act of 1940 (where applicable) and certifying as qualified to be appointed as investment manager under these requirements;
- Maintain adequate fiduciary liability insurance and bonding for the management of this account.

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Security Selection/Asset Allocation

1. Invest and manage the Plan assets as a fiduciary with the diligence, care, skill and discretion that a prudent, professional Investment Manager would use in the investment of such assets and in compliance with all applicable laws, rules and regulations, Public Retirement Systems Investment Authority Law, State of Georgia's Official Code of Georgia Title 47, Chapter 20, Article 7, et. seq. and § 47-1-12
2. Report through IPC any significant changes in its investment strategy or portfolio structure; significant changes in its ownership, affiliation, organizational structure, or financial conditions; and its professional staff turnover;
3. Maintain the asset allocation within the ranges specified in each Statement of Investment Policy;
4. Meet or exceed benchmark performance over a complete market cycle;
5. Communicate to IPC all substantive changes to the accounts pertaining to investment strategy, asset mix, portfolio structure, and other matters affecting the investment of assets;
6. Communicate with the Pension Committee regarding all significant matters pertaining to the Plan's assets as required by the Retirement Committee. It is anticipated that annual review meetings will be conducted by IPC with the Investment Managers.

Proxy Voting

Each Investment Manager is responsible and empowered to exercise all rights, including voting rights, as are acquired through the purchase of securities, where practical. Each Investment Manager shall vote proxies according to their established Proxy Voting Guidelines. A copy of those guidelines, and/or summary of proxy votes shall be provided to the Pension Committee upon request.

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V. Asset Allocation

Assumptions for Long-Term Target Asset Allocation

The Pension Committee recognizes that a long-term asset allocation policy is the primary mechanism for accomplishing the investment objectives set forth in this document and is the primary determinant of investment performance.

Assumptions Underlying How the Assets are Structured

- ❑ **First**, informed judgments are made about the asset categories that are being considered for investment based on knowledge of market and economic trends and capital market assumptions used to develop investment themes. Judgments are made about the likely returns provided by each category. **Second**, judgments about the risks associated with an investment in each category are made. **Third**, how the various categories are likely to perform relative to each other are conducted (correlations). **Fourth**, based on expectations for return, risk, and relative performances, calculations are made on how various combinations of the assets will perform and how the combination selected will provide the most appropriate combination for the risk/return tradeoff.
- ❑ Over the long-term, equities are expected to outperform fixed income investments on an absolute basis. Furthermore, based on the long-term time horizon for the investment of the securities, equities are well-suited to bear the added short-term variability of return recognizing the greater expected long-term return.
- ❑ Certain segments of the capital markets are inefficient enough, and the potential rewards of sufficient magnitude, to warrant pursuing active management of the assets with the expectation of outperforming passive (index) alternatives over time.
- ❑ A Multiple Manager Strategy Portfolio (MMSP) can provide additional diversification of the equity market while providing comparable long-term returns and expanding the investment opportunities of the assets. Such strategies that may be considered currently or in the future based on compliance with Georgia Statutes are small-cap, mid-cap, micro-cap, international developed, global dividend value, emerging markets, tactical asset allocation, Real Estate Investment Trusts, hedge fund of funds and Dynamic Asset Allocation Funds. Several of these investment strategies have historically experienced higher volatility than other U.S. equity asset classes, but can provide additional diversification and growth potential if carefully structured with other asset classes while potentially lowering the risk profile of the overall portfolio (*see explanation of MMSP on the following page*).
- ❑ The fixed income or bond investments are to be utilized to generate a stable flow of interest income and serve as a hedge against deflation.
- ❑ Alternative investments such as hedge funds are expected to provide diversification by investing in strategies that do not correlate directly with traditional equity and/or fixed

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income investments. Such strategies may include, but are not limited to the following: long/short equity, convertible arbitrage, merger/risk arbitrage, fixed income arbitrage, global macro, market neutral and distressed securities. The Pension Committee, in the future, may consider investments in hedge fund strategies or fund of fund strategies in strict compliance with Public Retirement Systems Investment Authority Law, State of Georgia's Official Code of Georgia Title 47, Chapter 20, Article 7, et. seq. and § 47-1-12 as part of an overall investment plan.

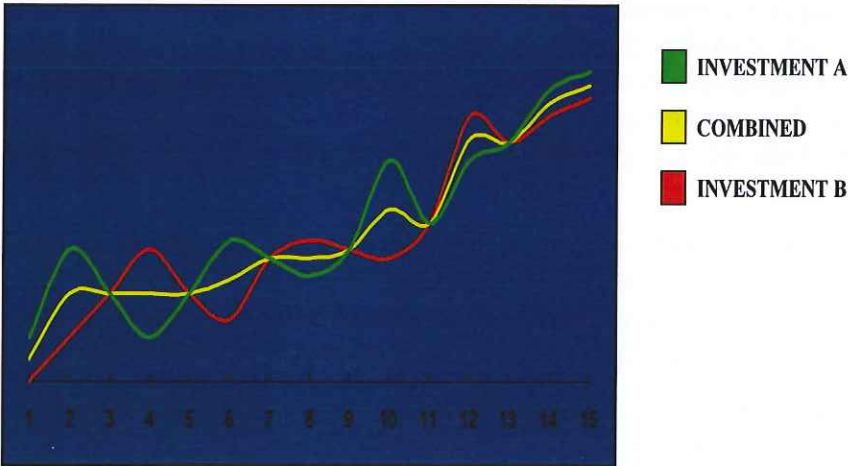
- ❑ Exchange Traded Funds and mutual funds may be utilized periodically to represent the appropriate diversification strategy in the portfolio to improve upon the risk/return characteristics of the entire portfolio, in compliance with Georgia House Bill 217 which became effective July 1, 2015.
- ❑ Conformance with statutory investment guidelines contained Public Retirement Systems Investment Authority Law, State of Georgia's Official Code of Georgia Title 47, Chapter 20, Article 7, et. seq. and § 47-1-12. Further amendments to this Act will be provided by the Pension Committee.

Multiple Manager Strategy Portfolio

- ❑ The Multiple Manager Strategy Portfolio (MMSP) is a single custodial account that allows for multiple investment strategies to be managed and tracked independently of each other (within one account). IPC serves as the Overlay Portfolio Manager for MMSP accounts, and independent Investment Managers serve as sub-advisors to IPC for the underlying, individual, investment strategies. The Overlay Portfolio Manager executes the trades as directed by the sub-advisors and oversees and is responsible for the entire Multiple Manager Strategy Portfolio.
- ❑ The primary objective in constructing a MMSP is to diversify the equity assets and assist in the long-term growth of equity capital. IPC will recommend MMSP strategy allocations that are expected to limit and/or reduce overall equity sector volatility and, as a result, reduce the amount of risk taken per unit of expected return in the overall portfolio, with the objective of enhancing investment return potential in the overall portfolio over a complete market cycle.
- ❑ MMSP asset class diversification involves analyzing which strategies are appropriate based on correlation and volatility analysis. Equity strategies are added in terms of targeted market capitalization, equity style, industry exposure, and/or country exposure. When implemented successfully, this may generate a stream of returns which is not expected to be highly correlated. As shown in the chart on the next page, this results in a reduction of the overall volatility of the total equity sector.

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Volatility reducing effects of lower correlation



Years

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VI. Asset Allocation Strategy

Strategic Allocation

In line with the Portfolio's return objectives and risk parameters, the mix of assets for the Portfolio should generally be maintained as follows (percents are of the market value of the Portfolio).

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Target</u>
Domestic Equities	20%	55%	54%
Fixed Income	10%	60%	44%
Cash/Cash Equivalents	0%	10%	2%

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Rebalancing Procedures

Strategic Rebalancing

From time to time, market conditions may cause the portfolio's investments in various asset classes to vary from the target asset allocation. To remain consistent with the asset allocation guidelines established by this MSOP for equity and fixed income, the percentage in each asset class shall be reviewed on a quarterly basis and compared to the respective targeted percentage. An asset class may be rebalanced to the recommended weightings if, at six-month intervals, the actual weighting is outside the minimum or maximum policy ranges.

Tactical Rebalancing

Tactical asset allocation can potentially benefit the portfolio by making changes to the asset allocation at regular intervals over time as a result of the managers/consultants changing assessment of the relative risks and returns of the various markets. Tactical asset allocation may be practical in such a way as to vary asset mix within the allowable ranges established by the asset allocation policy. Tactical asset allocation methodology includes capitalization (large vs. small); style driven (growth vs. value); geographic (U.S. vs. international, vs. emerging, if permitted by statute); active vs. passive management; tactical (equities vs. cash equivalents). IPC and/or the managers may make recommendations for tactical rebalancing from time to time that will serve as a point of discussion during quarterly reviews. A target allocation to a tactical asset allocation is part of the MMSP and the strategic asset allocation. Changes in tactical asset allocation in the MMSP, as long as they are in the ranges permitted in the target asset allocation, can be made at the discretion of IPC with notification to the Retirement Committee at the next quarterly review.

Asset Allocation Studies

An asset allocation study will be performed periodically by IPC based on: (1) historical results, (2) any actuarial report changes that will materially impact the cash flows, and/or (3) changes in economic or market assumptions that may change the risk/return characteristics of the combined portfolio.

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VII. Investment Selection Criteria

Investments (including Investment Managers, mutual funds, exchange traded funds and commingled investments) shall be chosen using the following criteria:

- How well each proposed asset class and manager/investment complements other assets in the portfolio; i.e., how non-correlated is each investment;
- Minimum of a ten-year track record or two years if the principals in the firm have a minimum of ten years of experience;
- Conformance to Global Investment Performance Standards (GIPS®) to which each firm warrants adherence, with the exception of the MMSP strategies, mutual funds and hedge funds which may or may not be a selection criterion;
- Consistency of investment style and discipline;
- Past performance, considered relative to other investment managers having similar investment objectives. Consideration shall be given to both consistency of performance and the level of risk taken to achieve results;
- The investment style and discipline of the Investment Manager;
- Level of experience, financial resources, personnel turnover and staffing levels of the Investment Manager;
- An assessment of the likelihood of future investment success, relative to other opportunities;
- Reasonableness of expense ratios/fees;
- Stability of organization.

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VIII. Investment Guidelines

Investment activity must be consistent within the requirements of this policy and applicable laws including Public Retirement Systems Investment Authority Law, State of Georgia's Official Code of Georgia Title 47, Chapter 20, Article 7, et. seq. and § 47-1-12.

Investments are permitted in mutual funds, exchange traded products, commingled funds/trust, separately managed accounts, or combinations thereof. In addition, the following guidelines will apply to Investment Managers of separately managed accounts.

A. Permitted Securities

Equity/Global Securities

- Common stocks, REITs, and securities convertible into common stock of business entities organized in the United States or Canada.

Convertible Securities

- Securities that are convertible into the common stock of U.S. based companies. This would include convertible bonds, convertible preferred stock, and mandatory convertible securities (e.g. PERCs, CHIPS, ELKs).
- All convertible securities purchased must be U.S. dollar denominated securities.
- Individual convertible securities should be rated "B" (or its equivalent) or higher at the time of purchase by a nationally recognized statistical rating agency. For the purposes of asset allocation, convertible securities shall be considered equities.
- Equities underlying a convertible security should be issued by companies with market capitalizations greater than \$100 million at the time of purchase.

Real Assets

- Real Estate: REITs of U.S.-based and international companies or REIT mutual funds or exchange traded funds.
- Commodities: Mutual funds or exchange traded funds that invest in broadly diversified commodity indices, or the common stocks of commodity-oriented companies.
- Treasury Inflation Protected Securities (TIPS): Mutual funds, exchanged traded funds or bonds of inflation linked securities.

Domestic Fixed Income Securities

Domestic fixed and variable rate bonds and notes issued by the U.S. Government and its Agencies and business entities organized in the U.S. and Canada, securitized mortgages (e.g. GNMA's, FNMA's, FHLMC's), collateralized mortgage obligations, asset-backed securities, taxable municipal bonds and preferred stock.

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Cash and Ultra-Short Fixed Income

Cash reserves shall be held in the custodian's money market fund, bank deposit or invested in short-term Treasury securities, or high quality money market instruments.

Alternative Investments

Alternative investments represent investments in investment vehicles that seek to provide diversification through innovative and flexible strategies. Investments in such vehicles are expected to provide diversification and the opportunity for capital appreciation and for purposes of controlling risk as an objective. Diversification standards within each investment vehicle shall be according to the prospectus or Portfolio document. Investments in these investment vehicles carry special risks and must conform to the eligibility requirements of:

- Diversified by investment style and Investment Manager. The Portfolio shall emphasize investments in fund-of-fund vehicles that are diversified by investment style and typically utilize multiple Investment Managers within a fund.
- Eligible alternative investments shall be made as required by O.C.G.A. § 47-20-87 (2014)

Diversification Requirements

The primary method to reduce risk for the portfolio is diversification through asset allocation. By allocating assets in different asset classes, the portfolio can reduce risk by avoiding concentration as well as reduce risk through the low-correlation between different asset classes.

To minimize the risk of large losses, each Investment Manager shall maintain adequate diversification in their portfolio subject to the constraints outlined in this investment policy.

Domestic

- No more than 55% of the Plan's assets may be invested in stock or an equity position in a company traded on an exchange inside of the United States.
- No more than 5% of the outstanding global securities may be invested in any 1 issuer.
- No more than 5% of the Trust's assets in the global securities of any 1 issuer.
- No more than 5% of the Plan's assets may be invested in publicly traded real estate investment trusts.

B. Fixed Income

The fixed income portfolio should be broadly diversified by issue, issue type, asset pool, quality, maturity and issuer.

- Fixed income securities should be rated "BBB-" (or its equivalent) or higher at the time of purchase by a nationally recognized statistical rating agency, unless an Investment Manager has been authorized by the Retirement Committee to invest in below-investment-

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grade fixed income (“High Yield Bonds”).

Transactions or unanticipated market actions that cause a deviation from these policy guidelines should be brought to the attention of the Retirement Committee and the Investment Consultant by the Investment Manager prior to executing transactions, when practical. Such deviations may be authorized in writing by the Retirement Committee who can determine if the deviation constitutes a material departure from the spirit of this policy.

C. Exclusions

The Portfolio’s assets may not be used for the following purposes except for approved Alternative Investment Strategies:

- Purchases of letter stock, private placements (including “144A” securities) or direct payments
- Venture Capital investments
- Commodities transactions, unless by managers approved for that strategy
- Investment by the Investment Managers in their own securities, their affiliates or subsidiaries
- There shall be no purchase that would cause a position in the portfolio to exceed five (5) percent of the issue outstanding, based on cost value
- There shall be no investments in non-marketable or illiquid securities

Normally, the following investments are to be excluded except for those managers approved for those transactions. However, modern portfolio management uses them to reduce the risks in the portfolio. Exception may be made for the following investments when used to hedge an open position or close out the hedge. Under no circumstances may they be used to speculate.

- Investments in futures, use of margin, or investments in any derivatives not explicitly permitted in this policy statement
- Puts, calls or other option strategies

Any other security transaction not specifically authorized in this policy statement, unless approved, in writing, by the Pension Committee or their designated representative(s). Requests by Investment Managers to execute transactions that are not currently authorized in this policy should be made prior to executing such transactions.

Master Statement of Investment Policy

IX. Investment Transactions

Trading for this portfolio is directed by and is the responsibility of each Investment Manager to whom the Plan has granted the discretionary authority to determine (subject to the investment objectives and policies outlined herein) the securities to be bought or sold on behalf of the Plan, the amount of such securities, and the brokers or dealers to be used in such transactions. The Investment Manager is generally obligated, absent the Pension Committee direction to the contrary, to effect transactions with or through those brokers or dealers that in the Investment Manager's view, are capable of providing best price and execution of client orders. Consistent with this general obligation, it is anticipated that the Investment Manager will direct most, if not all transactions to Managed Account Services (MAS) both in view of its execution capabilities and because the investment advisory fees paid by the Trust to cover transaction charges only when transactions are executed through MAS.

X. Meetings and Communications

- As a matter of course, representatives of the Investment Managers should keep the Pension Committee and their Investment Consultant apprised of any material changes in the Investment Manager's outlook, investment policy, brokerage placement practices and tactics;
- Representatives of each Investment Manager should be available to meet with the Pension Committee on a reasonable basis or be available for telephone conferences to review and explain their portfolio's investment results;
- Each Investment Manager should be available on a reasonable basis for telephone communication when needed. Any material event that affects the ownership or capital structure of the investment management firm, senior investment, marketing or administration personnel changes at the investment management firm or any material event that affects the management of this account must be reported promptly to the Investment Consultant. This requirement does not include routine employee stock ownership awards or partnership announcements;
- The custodian shall provide monthly statements of assets and transactions;
- IPC shall provide the Pension Committee with quarterly performance reports and is expected to assist in the interpretation of the results.

Master Statement of Investment Policy

XI. Performance Evaluation

IPC will quarterly evaluate the performance of the portfolio's assets, each asset class, and each Investment Manager. Performance attribution analysis will be provided quarterly, after twelve months of performance, for the combined portfolio, each Investment Manager and for the MMSP. On a risk adjusted basis, the combined portfolio performance is expected to be equal or greater than the combined benchmark over a complete market cycle. The investment time horizon will be considered long term, incorporating a full economic cycle of both economic expansions and recessionary periods.

Minimum time horizon is ten years. Qualitative factors as well as quantitative factors will be considered with reference to the monitoring of the Investment Managers' performance, particularly over periods of time that encompass less than a complete market cycle.

The Pension Committee is more concerned about minimizing losses than about maximizing gains. Therefore, the preference is to over perform on a relative basis during negative-return periods, under perform on a relative basis during sharply rising or speculative markets, and achieve above-average returns in normal markets.

Peer group comparisons may be provided to the Pension Committee annually. However, IPC recognizes that peer group comparisons in many cases are not reliable as an indicator of relative performance due to survivorship bias, classification bias, composite bias and the variations of investment styles in a peer group. Additionally, Investment Managers may be fired at the time that they should be hired because of the creation of faulty manager universes. To be statistically significant, databases must encompass a large number of Investment Managers. However, Investment Managers with specific purposes and specialized strategies are not often numerous enough to create a large enough manager universe to be statistically significant in group comparisons. The Pension Committee recognizes these short-comings and will endeavor to work with IPC and rely upon IPC's analysis of the Investment Managers and their results, when appropriate, as opposed to utilizing peer group comparisons as the sole criteria or to be used as conclusive evidence. Such a finding would be based upon the facts and situations.

The Portfolio's asset allocation in separately managed accounts and the composite portfolio's asset allocation shall also be reported on a quarterly basis and compared to the permitted asset allocation ranges, as outlined in this MSOP.

Risk as measured by volatility, or standard deviation, should be evaluated after four quarters of performance history have accumulated. An attribution analysis should also be performed for each portfolio, to evaluate how much of the portfolio's investment results are due to the Investment Managers' investment decisions, as compared to the effect of the financial markets. It is expected that this analysis will use the "style index" as the performance benchmark for evaluating both the returns achieved and the level of risk taken.

Master Statement of Investment Policy

Investment Manager Exceptions

The Pension Committee employs an automatic policy for the monitoring of its Investment Managers. A watch list will be initiated by the investment consultant, approved by the Pension Committee, and the Investment Manager will be immediately notified by the investment consultant, when that Investment Manager is placed on the watch list. The following is a listing of the major key items that may result in an Investment Manager being placed on the watch list:

- Annual performance below the Investment Manager's designated Portfolio Benchmark .
- Three and five year annualized performance below the Investment Manager's designated Portfolio Benchmark .
- Organization or key personnel changes.
- Portfolio style changes occur.
- Negative risk-adjusted performance over three and five year annualized periods.

Once on the watch list, the Investment Manager may be terminated if performance does not improve over the next two succeeding quarters. In addition, the Investment Manager may be terminated if any organization changes or key personnel changes are deemed to have an adverse effect on the future performance of the portfolio.

The investment consultant will communicate in its Executive Summary each quarter those money managers placed on a watch list with comments as to the status and factors influencing performance. Recommendations will be made by the investment consultant to terminate or continue with the money manager based on total performance and interviews with the money manager and an assessment by the investment consultant as to likelihood of the money manager's ability to turn around performance in a reasonable time period.

Total Fund Performance Evaluation

The performance of the total fund will be compared to a balanced index constructed as follows:

Index or Other Measure

Russell 3000 Stock Index
Barclays Aggregate Bond Index

Index or Other Measure (Secondary Benchmark)

S&P 500 Stock Index
Barclays Aggregate Bond Index

Master Statement of Investment Policy

Individual Asset Class Benchmark

The individual Investment Managers will be measured versus a comparable index as indicated in the specific Statements of Investment Policy for each Investment Manager selected which will be attached herein and will be incorporated as part of this Master Statement of Investment Policy.

Performance Monitoring and Investment Managers

IPC will seek to identify any inconsistent investment approaches. Therefore, IPC will carefully monitor the Investment Managers on several key indicators of possible inconsistency:

- Investment Manager turnover;
- Portfolio characteristics which are not consistent with the managers' stated investing style;
- Performance patterns not logically explainable in terms of the published style.

XII. Frequency of MSOP Review

IPC will use each of the periodic investment performance evaluations as occasions to consider whether any elements of the MSOP are either insufficient or inappropriate. Key occurrences that could result in a MSOP modification include:

- Significant changes in the Plan's anticipated needs and financial circumstances;
- Changes in state law or new legislation or regulations;
- Changes in funding level of the Plan or changes in Actuarial methods;
- Impractical time horizons; and
- Suggestions for change presented by IPC.

XIII. Approval

This Amended MSOP is adopted on this day of July 8, 2015 by the County Manager



July 8, 2015

Date

Dale M. Walker, County Manager

Print Name

The above hereby represents and warrants the person(s) executing this MSOP on behalf of the Macon-Bibb County Pension Plan is(are) the appropriate fiduciary(ies) with authority to sign this document on behalf of the Plan and that the Board of Commissioners will notify IPC if this status or authority should change.