

MINUTES

DEKALB COUNTY PENSION BOARD

November 12, 2015

The DeKalb County Pension Board held a meeting on November 12, 2015 in the Board of Commissioners Conference Room. The following members were present: James Hendrix, John McMullan, Robert Robertson (via telephone), Edmund Wall, Gale Walldorff, and Cornelius Yarbrow. Others present: Patricia Keesler of Benefits Law Group; Todd Carabasi, Cody Chapman and Weston Lewis of Callan Associates; Eric Atwater and Deborah Brigham of The Segal Company; Cory Bush; Jelani Hooks; Larry Jacobs; and Paul Wright.

James Hendrix motioned, Cornelius Yarbrow seconded and the Board approved the September 17, 2015 Pension Board minutes.

James Hendrix motioned, John McMullan seconded and the Board approved payment of the following invoices:

Vendor	Service	Period	Amount
Advent Capital Management	Investment Management	3Q 2015	\$66,949.95
Earnest Partners	Investment Management	3Q 2015	97,657.26
Edgar Lomax Company	Investment Management	3Q 2015	30,765.24
Frontier Capital Management	Investment Management	3Q 2015	119,877.17
Gabelli Asset Management	Investment Management	3Q 2015	179,770.00
Jennison Associates	Investment Management	3Q 2015	136,591.33
J.P. Morgan - Intermediate Bond Fund	Investment Management	3Q 2015	59,296.79
Montag & Caldwell	Investment Management	3Q 2015	99,224.69
Southeastern Asset Management	Investment Management	3Q 2015	166,217.00
Waddell & Reed	Investment Management	3Q 2015	50,385.41
Subtotal			\$1,006,734.84
Antin, Todd M., MD	Disability Examination	Sept. 2015	\$2,175.00
ASM Consulting	Website Management	Oct. 2015	150.00
Atlanta Eye Consultants, P.C.	Disability Examination	March 2015	435.00
Benefits Law Group	Legal Consulting	9/1/15 -10/31/15	1,732.50
Callan Associates	Investment Consulting	3Q 2015	17,398.16
Clopton Primary Care, PC	Disability Examination	Aug. 2015	290.00
Elarbee, Thompson, Sapp & Wilson, LLC	Legal Consulting	Aug. 2015	23,785.96
Subtotal			\$45,966.62
Total			\$ 1,052,701.46

Eric Atwater of The Segal Company announced he turned in his resignation with The Segal Company and Deborah Brigham would be his replacement.

The Board then listened to Weston Lewis of Callan Associates discuss 3rd quarter performance. Volatility has reentered the market, mostly driven by economic pullbacks from China as well as

China's stock market. There were fears that slowdowns in China would derail a fragile recovery in the U.S. and Europe. Investor appetite for risk pulled back substantially during the quarter. Generally in market pullbacks active management has performed well; however, active management has struggled currently. MSCI emerging markets index was down 17.8% for the quarter, mostly due to Brazil being downgraded by one agency to junk status and their equity market was sold off with a lot of currency devaluation relative to the dollar. The manager effect for domestic equity managers has struggled for the past year and has cost 2.7% in performance. Southeastern Asset Management has performed poorly over the past year. Energy stock investments have hurt their performance, but they believe that the energy selloff has been overstated by the market and is not being fairly valued right now. Historically they have bounced back very strongly after poor performance periods. Frontier Capital Management had a difficult quarter as well; however, it appears after one month that trend has reversed. Domestic fixed income managers' performance has been in line with expectations outperforming their index.

The Board then listened to Cody Chapman of Callan Associates discuss the active and passive allocation. He recommended using a 20% passive allocation to an S&P 500 index fund (Alternative One). Funding would come via active managers by reducing their percentage of assets in the domestic equity portfolio. Mr. Chapman also recommended consolidating some of the managers by removing Edgar Lomax and using those funds to help fund the passive allocation. Weston recommended considering a third transitional manager to look at for the transition. John McMullan motioned, Gale Walldorff seconded and the Board approved Alternative One and to schedule an Investment Committee meeting to pick an index.

The Board then discussed the \$9.5 million needed for December and January benefit payments. James Hendrix motioned, John McMullan seconded, and the Board approved \$9.5 million in payments funded from Montag & Caldwell (\$6 million) and Jennison Associates (\$3.5 million)

The Board then listened to Todd Carabasi discuss the trading cost analysis for the second quarter. Five out of eight managers were below median for total trading costs. Crawford was liquidated. Montag & Caldwell continues to have high execution and commission costs.

The Board then listened to Patricia Kessler regarding Georgia statute 51-1-20 and fiduciary insurance for Pension Board Members. Ed Wall requested Larry Jacobs to get quotes for fiduciary liability insurance for \$1 million and \$10 million.

James Hendrix motioned, Cornelius Yarbrow seconded and the Board approved a request from Nancy Funny, an employee of the District Attorney, to pay contributions for employment on military leave without pay, so as to receive credit for that service.

James motioned, Cornelius Yarbrow seconded and the Board approved a request from Yulibeth I. Lantigua, an employee of Workforce Development to repay contributions withdrawn from the pension plan, so as to receive accredited service for prior employment.

James Hendrix motioned, Cornelius Yarbrow seconded and the Board approved the polling locations for the Pension Board election.

DeKalb County Pension Board
Minutes – November 12, 2015
Page 3

The Board then discussed the Pension Board 2016 meeting schedule. A request from John McMullan was made to change the January 14, 2016 to January 13, 2016. James Hendrix motioned, Cornelius Yarbrow seconded and the Board approved the Pension Board 2016 meeting schedule with the change.

The Board then listened to comments from the Board members. Gale Walldorff announced she would soon resign from the Board and thanked Ed Wall as Chairman. Mr. Wall thanked the Board members for their service.

The Board then listened to comments from the Public. Jeffrey Wiggs thanked Gale Walldorff as well as the Board for their service.

The Board then entered executive session to discuss disability applications.

After returning from the executive session, James Hendrix motioned, Cornelius Yarbrow seconded and the Board approved a 12-month disability pension for James Leonard.

James Hendrix motioned, Cornelius Yarbrow seconded and the Board denied a 12-month disability pension for Darren Williams.

James Hendrix motioned, Cornelius Yarbrow seconded and the Board denied an appeal from Yolanda Charles to grant her a 12-month disability pension.

Because there was no further business, the Board adjourned the meeting.



Jelani K. Hooks
Clerk, The DeKalb County Pension Board