

Minutes

DeKalb County Pension Board

July 25, 2016

The DeKalb County Pension Board held a meeting on July 25, 2016 at the Emory Conference Center Hotel. The following members were present: James Hendrix, David Littlefield, John McMullan, Robert Robertson (via telephone), Edmund Wall, and Cornelius Yarbro. Others present: Patricia Keesler of Benefits Law Group, Todd Carabasi and Weston Lewis of Callan Associates, David Berger of The Segal Company, Cory Bush, Larry Jacobs, Stacey Kalberman, and Paul Wright.

Robert Robertson apologized for not being at the Pension Board meeting. He had secured travel arrangements for the originally scheduled July 14 date but could not make the rescheduled July 25 date.

James Hendrix motioned, John McMullan seconded, and the Board approved the May 5, 2016 Pension Board minutes.

David Littlefield asked about the difference in amounts for disability examination under Dr. Sheila Robinson, as one was \$960 and one was \$280. Paul Wright explained the \$960 fee was for a more thorough examination. James Hendrix motioned, John McMullan seconded, and the Board approved payment of the following invoices:

Vendor	Service	Period	Amount
Advent Capital Management	Investment Management	1Q 2016	\$62,128.52
Earnest Partners	Investment Management	2Q 2016	101,737.98
The Edgar Lomax Company	Investment Management	2Q 2016	34,785.11
Frontier Capital Management	Investment Management	2Q 2016	115,088.20
Gabelli Asset Management	Investment Management	2Q 2016	191,638.00
JP Morgan	Investment Management	1Q 2016	58,203.56
JP Morgan	Investment Management	2Q 2016	57,241.21
Montag & Caldwell	Investment Management	2Q 2016	99,375.25
Southeastern Asset Management	Investment Management	2Q 2016	175,565.00
State Street	Custodial Supervision	1Q 2016	39,848.62
Subtotal			\$935,611.45
ASM Consulting	Website Management	June 2016	\$150.00
Benefits Law Group	Legal Consulting	April-June 2016	10,673.50
Burnett, Jettie M., MD	Disability Examination	April 7, 2016	556.00
Callan Associates	Investment Consulting	2Q 2016	17,398.16
Elarbee, Thompson, Sapp & Wilson	Legal Consulting	3/28/16-4/28/16	15,243.00
Elarbee, Thompson, Sapp & Wilson	Legal Consulting	5/2/16-5/31/16	16,131.11

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Elarbee, Thompson, Sapp & Wilson	Legal Consulting	5/5/16	405.00
Elarbee, Thompson, Sapp & Wilson	Legal Consulting	5/5/16-5/28/16	2,694.06
Emory Conference Center Hotel	Pension Board Retreat	July 25, 2016	3,626.77
Fisher, Frita M., MD	Disability Examination	June 28, 2016	452.00
Olson, David A., MD	Disability Examination	August 26, 2015	417.00
Olson, David A., MD	Disability Examination	October 30, 2015	417.00
Pension Benefit Information	Death Audit Search	5/1/16-4/30/17	1,530.00
Robinson, Sheila, MD	Disability Examination	March 2, 2016	960.00
Robinson, Sheila, MD	Disability Examination	March 17, 2016	280.00
Subtotal			\$70,933.60
Total			\$1,006,545.05

The Board then listened to the review of 2nd quarter investment results by Weston Lewis of Callan Associates. The market fell briefly due to the announcement of the United Kingdom plans to leave the European Union (EU). Defensive sector has remained stable and done well. Active managers are struggling in the low interest rate environment. Value outperformed growth with energy being the highest performing sector. MSCI was down 1.5% but emerging markets increased 0.8%. Advent Capital Management underperformed for the quarter. GMO had a change as Sam Wilderman announced resignation. Mark McKissick with Denver Investments is resigning. Ken Harris will be the director of fixed-income research and Troy Johnson will be the director of fixed-income portfolio management. Ed Wall asked about Gabelli and Southeastern's performance. Weston stated Southeastern has performed better, but it appears they struggled more this quarter as they owned less of Chesapeake Energy and it rallied 70% for the quarter. Gabelli does not have a succession plan in place, but some responsibilities have been passed down to Kevin Dreyer and Chris Marangi.

The Board then listened to the H.B. 597 and ethics rules presentation by Stacey Kalberman. Ed Wall asked Stacey Kalberman to draw up a zero gift policy for the next Pension Board meeting for the Board members to pass.

The Board then listened to David Berger of The Segal Company discuss the proposed change in discount rate from 7.5% to 7.25%. Mr. Berger informed the Board that this change would increase the actuarial liability about \$60 million. The Board took no action.

The Board then discussed a 2% COLA (cost-of-living adjustment). Mr. Robertson stated he has been retired for ten years and a raise has not been given in ten years. He also stated as a Board, they have to do what it takes to take care of the retirees. Mr. Wall asked Paul Wright to place on the agenda for the next meeting a 2% cost of living adjustment.

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The Board then listened to Mr. Berger discuss the costs of pension benefit statements. He stated it would cost about \$15,000. The Board took no action.

The Board then discussed stopping employees' contributions after they reach 30 years of service. Paul Wright explained employees that received a pay raise after 27 years of service would be negatively affected, as that pay raise would not be fully recognized. Ed Wall asked David Berger to determine the cost savings for stopping employee contributions after 30 years of pension service assuming the employee continues to work.

The Board then listened to Paul Wright explain the \$65,000 for "other professional services" for the 2016 Pension Board budget presented at the May 5 meeting was an error and the actual projected cost is \$6,000. John McMullan motioned, James Hendrix seconded, and the Board approved a change to the revised 2016 budget.

The Board then discussed the benefit payments for August-September 2016. John McMullan motioned, James Hendrix seconded, and the Board approved \$12.4 million funding from JP Morgan (\$6 million), Montag & Caldwell (\$4 million), and Gabelli (\$2.4 million).

James Hendrix motioned, Cornelius Yarbrow seconded, and the Board approved requests from the following employees to repay contributions withdrawn from the pension plan, so as to receive accredited service for prior employment:

- Torrance M. Raines, an employee of Sanitation
- Sandra Z. Weaver, an employee of Planning & Sustainability

Cornelius Yarbrow motioned, James Hendrix seconded, and the Board approved a request from Kevin L. Crosby, an employee of the Sheriff's Office, to pay contributions for employment on military leave without pay, so to receive credit for that service.

Cornelius Yarbrow motioned, James Hendrix seconded, and the Board approved a permanent disability pension for Charles D. Emmons.

James Hendrix motioned, David Littlefield seconded, and the Board approved a 12-month disability pension for Anthony D. Leonard.

Patricia Keesler asked the Board about pursuing legal fees for the Shoenthal case. James Hendrix motioned, Cornelius Yarbrow seconded, and the Board approved pursuing a motion to ask the court to recover legal fees.

The Board then discussed and compared 10% vs. 20% passive S&P 500 Index investment. James Hendrix motioned, John McMullan seconded, and the Board

approved tabling the S&P Index investment decisions until the September meeting.

The Board tabled the Core fixed income manager review so that the Investment Committee could interview three finalist firms.

The Board then listened to comments from Board members. Mr. Robertson inquired about an update for the RFP for the financial and performance audit of the Pension Fund. Larry Jacobs stated Mauldin and Jenkins and KPMG provided quotes, and a third firm has committed to do so. Mr. Jacobs would provide that information to the Board members.

The Board then listened to comments from the public; Rick Heermans asked if the Board purchased liability insurance. Ed Wall confirmed the Board did purchase liability insurance.

James Hendrix motioned, David Littlefield seconded, and the Board approved entering Executive Session to discuss personnel matters.

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



Paul Wright
Clerk, The DeKalb County Pension Board