

## Minutes

### DeKalb County Pension Board

November 10, 2016

The DeKalb County Pension Board held a meeting on November 8, 2016 in the Board of Commissioners Conference Room. The following members were present: James Hendrix, David Littlefield, Lee May, John McMullan, Dianne McNabb, Robert Robertson (via telephone), and Edmund Wall. Others present: Patricia Keesler of Benefits Law Group, Todd Carabasi and Weston Lewis of Callan Associates, Cory Bush, Larry Jacobs, Jay Vinicki, and Paul Wright.

James Hendrix motioned, David Littlefield seconded, and the Board approved the September 8, 2016 Pension Board minutes.

New Board member Dianne McNabb took the oath of office.

James Hendrix motioned, Lee May seconded, and the Board approved payment of the following invoices:

Vendor	Service	Period	Amount
Earnest Partners	Investment Management	3Q 2016	\$106,942.55
The Edgar Lomax Co.	Investment Management	3Q 2016	35,242.70
Gabelli Asset Mgt.	Investment Management	2Q 2016	194,625.00
Gabelli Asset Mgt.	Investment Management	3Q 2016	197,825.00
Jennison Associates	Investment Management	3Q 2016	137,060.45
JP Morgan Asset Mgt.	Investment Management	3Q 2016	55,447.74
Southeastern Asset Mgt.	Investment Management	3Q 2016	176,861.00
Waddell & Reed	Investment Management	3Q 2016	49,908.57
<b>Subtotal</b>			<b>\$953,913.01</b>
Todd Antin, MD	Disability Examination	10/18/16	\$2,040.00
Todd Antin, MD	Disability Examination	10/25/16	1,800.00
ASM Consulting	Website Management	9/20/16	150.00
Benefits Law Group	Legal Consulting	September 2016	6,156.00
Benefits Law Group	Legal Consulting	October 2016	1,809.50
Callan Associates	Investment Consulting	3Q 2016	18,094.09
Elarbee, Thompson, et al.	Legal Consulting – S	July 2016	1,572.69
Elarbee, Thompson, et al.	Legal Consulting – C	August 2016	11,682.15
Elarbee, Thompson, et al.	Legal Consulting – S	August 2016	1,485.00
Elarbee, Thompson, et al.	Legal Consulting – T	August 2016	22,943.29
Elarbee, Thompson, et al.	Legal Consulting – C	September 2016	17,960.23
Elarbee, Thompson, et al.	Legal Consulting – S	September 2016	8,385.45
Elarbee, Thompson, et al.	Legal Consulting – T	September 2016	12,462.47
Elarbee, Thompson, et al.	Legal Consulting – TC	September 2016	486.00
Daniel Kingloff, MD	Disability Examination	10/18/16	1,150.00

Segal Consulting	Actuarial Consulting	3/1/16 - 5/31/16	8,375.00
Segal Consulting	Actuarial Consulting	6/1/16 - 8/31/16	8,375.00
<b>Subtotal</b>			<b>\$124,926.87</b>
<b>Total</b>			<b>\$1,078,839.88</b>

James Hendrix motioned, David Littlefield seconded, and the Board approved the 2017 Pension Board meeting schedule.

James Hendrix motioned, David Littlefield seconded and the Board approved a request from the following employees to repay contributions withdrawn from the pension plan, so as to receive accredited service for prior employment:

- Hugh V. Irving, an employee of Sanitation
- Steven G. Kennebrew, an employee of Fleet Maintenance
- Robert E. Payne III, an employee of Fleet Maintenance

James Hendrix motioned, David Littlefield seconded, and the Board approved a request from David Hall to pay contributions for employment on military leave without pay, so as to receive credit for that service.

James Hendrix motioned, David Littlefield seconded, and the Board approved to enter executive session to discuss employees applying for disability retirement.

Upon returning from executive session, James Hendrix motioned, Lee May seconded, and the Board approved a 12-month disability retirement for Thomas Jones. James Hendrix motioned, Lee May seconded, and the Board approved a 12-month disability retirement for Sylvia Williams.

David Littlefield motioned, Ed Wall seconded, and the Board denied continuing a disability retirement to Jerusha Bizzell. James Hendrix motioned, David Littlefield seconded, and the Board denied continuing a disability retirement to Jonathon Jenkins.

James Hendrix motioned, David Littlefield seconded, and the Board approved using MSCI World ex USA as the new international benchmark.

James Hendrix motioned, David Littlefield seconded, and the Board approved \$6.5 million (\$4.5 million from JP Morgan and \$2 million from Jennison) in benefit payment funding for December 2016-January 2017.

James Hendrix motioned, David Littlefield seconded, and the Board approved hiring Callan Associates to perform a search for an International Core Equity manager.

The Board then listened to Larry Jacobs provide an update on the status of RFP bids for a for a performance and compliance audit for the Pension Board. James Hendrix motioned, Lee May seconded, and the Board approved to hire Bates Carter to

complete a performance and compliance audit of the Pension fund at an approximate cost of \$15,000 per year.

The Board then discussed a request from Commissioner Jeff Rader to manage the 401(a) contributions. The Board took no action.

The Board then listened to an update from Patricia Keesler on the ethics rule policy. Ms. Keesler stated the Board will adhere to the conflict policy and added a \$50 de minimis rule, maintaining confidentiality, and not engaging in a directly related activity for two years after leaving the Board. Ed Wall asked Paul Wright to place this item on the January 2017 agenda for adoption.

The Board then listened to the Investment Committee report by Weston Lewis. Montag and Caldwell has performed poorly the last five years. Ed Wall stated that overall in the past 36 years their annualized performance was 12.17% vs. the Russell 1000 Growth Index of 10.6% and the S&P index of 11.5%.

The Board then listened to the 3<sup>rd</sup> quarter results by Weston Lewis. GDP grew by 2.9%. It is likely the Federal Reserve will raise the prime rate by 25 basis points in December. Non-U.S. stocks are starting to rally with stocks up 6% in developed markets and 9% in emerging markets. Bonds were mostly flat with only 0.46% return. Domestic equity is slightly overweight to target by 2.8%. Jennison has turned their performance around for the quarter, earning 8.6%. Montag & Caldwell and Edgar Lomax had a challenging quarter. Southeastern did well for the quarter. Waddell & Reed is changing names to Ivy Asset Management, to allow for more opportunities in their distribution channel. For the quarter the pension fund returned 4.93% vs. target of 4.13%. Large Cap outperformed the S&P 500 over the last ten years.

The Board then listened to comments from the Board members. Robert Robertson wants Paul Wright to gather a list of 12-month disabilities for the Board members to review. He also mentioned that the Board needs to develop a plan to grant a cost of living raise for the retirees. Ed stated for every 1% raise it would cost \$843,000 in annual contributions. The Board has recommended to the County Commissioners a 2% COLA to include in the County's budget.

The Board then took comments from the public. Richard Heermans asked if the new city of Stonecrest would have legacy pension costs. Jay Vinicki advised Stonecrest would still use DeKalb's police force, and DeKalb would be able to increase the millage on Stonecrest for them to use the police force.

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



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Paul Wright  
Clerk, The DeKalb County Pension Board