

Minutes

DeKalb County Pension Board

January 12, 2017

The DeKalb County Pension Board held a meeting on January 12, 2017 in the Board of Commissioners Conference Room. The following members were present: James Hendrix, John McMullan, Robert Robertson Michael Thurmond, Edmund Wall, and Cornelius Yarbro. Others present: Patricia Kessler of Benefits Law Group, Todd Carabasi and Weston Lewis of Callan Associates, Rocky Joyner of Segal Consulting, Commissioner Steve Bradshaw, Cory Bush, Larry Jacobs, and Paul Wright.

New Board member Michael Thurmond took the oath of office.

The Board then discussed the November 10, 2016 minutes. Ed Wall asked the status of the Bates Carter audit. Larry Jacobs reported that Bates Carter is awaiting clarification on the time period on which to perform the audit. Mr. Wall asked Paul Wright to work with Bates Carter on this issue. Mr. Wall also asked Larry Jacobs to arrange an introductory meeting with the Bates Carter staff. Ed Wall then asked Mr. Wright to correct a quote by Jay Vinicki in the minutes "increase millage on the City of Stonecrest to help fund the unfunded liability as it relates to the police force." Robert Robertson motioned, James Hendrix seconded, and the Board approved the November 10, 2016 minutes.

Robert Robertson motioned, James Hendrix seconded, and the Board approved payment of the following invoices:

Vendor	Service	Period	Amount
Advent Capital Mgt.	Investment Management	3Q 2016	\$63,247.42
Denver Investments	Investment Management	3Q 2016	79,084.65
Frontier Capital Mgt.	Investment Management	3Q 2016	127,740.95
Montag & Caldwell	Investment Management	3Q 2016	97,027.83
Subtotal			\$367,100.85
Todd Antin, MD	Disability Examination	10/25/16	\$1,800.00
Benefits Law Group	Legal Consulting	November 2016	2,810.50
Benefits Law Group	Legal Consulting	December 2016	1,270.50
Lawrence Bircoll, MD	Disability Examination	10/14/16	1,500.00
Callan Associates	Investment Consulting	4Q 2016	18,094.09
Callan Associates	Investment Consulting	December 2016	22,623.64
Elarbee, Thompson, et al.	Legal Consulting – S	October 2016	1,594.24
Elarbee, Thompson, et al.	Legal Consulting – T	October 2016	340.00
Elarbee, Thompson, et al.	Legal Consulting – S	November 2016	3,072.50
John Foster, MD	Disability Examination	10/25/16	1,029.00
Segal Consulting	Actuarial Consulting	March 2016	15,000.00
Segal Consulting	Actuarial Consulting	9/1/16 - 11/30/16	8,375.00

	Subtotal	\$77,509.47
Total		\$444,610.32

The Board then listened to Patricia Keesler discuss the Board’s ethics policy, which as a home rule ordinance that the Board of Commissioners passed in 2002. Ms. Keesler explained that even though the adopted amendment was sent to the Secretary of State, the ethics policy never made its way to Municode, so it was never made public. Michael Thurmond recommended letting the public know the Pension Board has an ethics policy. Ed Wall asked Paul Wright to have the Board’s ethics policy posted on the website.

John McMullan motioned, James Hendrix 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. Ms. Williams has two periods of employment; she is eligible only to purchase the latter period:

- Javonne L. Harris, an employee of Tax Commissioner
- Yzetta L. Williams, an employee of Juvenile Court

James Hendrix motioned, Robert Robertson seconded, and the Board approved a request from the following employees to pay contributions for employment on military leave without pay, so as to receive credit for that service:

- Natasha B. Alexander, an employee of Police Services
- Nancy S. Funny, an employee of Fleet Maintenance

James Hendrix motioned, Robert Robertson seconded, and the Board approved a 12-month disability retirement for Paul W. Staton.

James Hendrix motioned, John McMullan seconded, and the Board denied a 12-month disability retirement for Arthurine Stalls.

The Board then discussed pending re-evaluations for disability retirees. Paul Wright supplied a listing of the disability retirees under age 65 who are not deemed permanently disabled, i.e. those retirees who will be due for an annual re-evaluation. He will update this schedule and provide it to the Board members at each successive meeting. There are currently five disability retirees due for re-evaluations.

James Hendrix motioned, Robert Robertson seconded, and the Board approved an agreement to settle the FireEye Inc. litigation.

The Board then discussed permitted investments, specifically asset-based securities. The Board took no action at this time.

Robert Robertson motioned, James Hendrix seconded, and the Board approved \$8 million (\$3 million from Southeastern, \$2 million from Gabelli, \$1.5 million from Frontier, and \$1.5 million from Earnest Partners) in benefit payment funding for February-March 2017.

The Board then listened to the Investment Committee report from Todd Carabasi. The Committee narrowed the international core equity manager search to three managers – Acadian, Marathon, and Morgan Stanley – who were invited to present at this meeting.

The Board then listened to Rocky Joyner discuss the discount rate assumption, currently at 7.5%. Based on the 4/1/15 valuation, if the discount rate is changed from 7.5% to 7%, the amortization period would increase from 22 years to 27 years, and the funding percentage would decrease from 60% to 56%; however, over the next ten years, there would be dramatic improvements due to the County's contribution rate of 18.56%. The Board took no action at this time and will revisit this topic at their March meeting.

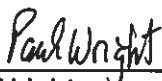
The Board then interviewed Acadian Asset Management, Marathon Asset Management, and Morgan Stanley Investment Management to determine a new International Core Manager. After the interviews, John McMullan motioned, James Hendrix seconded, and the Board approved to terminate GMO and hire Marathon.

The Board then listened to comments from the Board members. Robert Robertson stated that a retiree received a pension award letter, and it was determined he was receiving a pension benefit based on the wrong annuity election; therefore, he has to pay back the overpayments to the pension fund. Mr. Robertson recommended that Pension Administration send a letter to every retiree confirming their benefit election options. Paul Wright explained that it would be time-consuming to include specific beneficiary information in each letter. Mr. Robertson explained the beneficiary name does not have to be in the letters; the purpose would simply be to confirm the benefit election option.

The Board then took comments from the public. David Holcomb asked when the date for the vote of the budget is for the Board of Commissioners. Robert Robertson advised it would be posted on the BOC website. Mr. Holcomb then asked how the pension fund is going to increase its funding if more people are withdrawing from it. Robert Robertson advised it would be with higher contributions and better returns. Mr. Holcomb then asked about non-assessable dividend paying stocks, which the Board had discussed earlier as part of the topic of permitted investments. Patricia Kessler advised it is an old type of investment that does not exist anymore.

Robert Robertson motioned, James Hendrix seconded, and the Board approved to enter executive session to discuss litigation.

Upon returning from executive session because there was no further business, the Board adjourned the meeting.



Paul Wright
Clerk, The DeKalb County Pension Board