

Minutes

DeKalb County Pension Board

May 4, 2017

The DeKalb County Pension Board held a meeting on May 4, 2017 in the Board of Commissioners Conference Room. The following members were present: James Hendrix, David Littlefield, John McMullan, Dianne McNabb, 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, Deborah Brigham of Segal Consulting, Larry Jacobs, and Paul Wright.

James Hendrix had a correction to the March 2, 2017 minutes that stated Cornelius Yarbro, not Mr. Hendrix, was voted Secretary. Paul Wright stated he would correct the minutes to reflect that the Board voted James Hendrix to be Secretary. James Hendrix motioned, Cornelius Yarbro seconded and the Board approved the March 2, 2017 minutes with the change.

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

Vendor	Service	Period	Amount
Earnest Partners	Investment Management	1Q 2017	\$119,533.37
The Edgar Lomax Company	Investment Management	1Q 2017	38,010.78
Frontier Capital Mgt.	Investment Management	1Q 2017	141,931.57
Investment Research + Mgt.	Investment Management	1Q 2017	40,955.55
Jennison Associates	Investment Management	1Q 2017	145,378.16
Montag & Caldwell	Investment Management	1Q 2017	100,377.42
Southeastern Asset Mgt.	Investment Management	1Q 2017	196,997.00
Subtotal			\$783,183.85
ASM Consulting	Website Maintenance	March 2017	\$375.00
Bates Carter	Pension Audit	March 2017	7,500.00
Benefits Law Group	Legal Consulting	February 2017	1,615.00
Benefits Law Group	Legal Consulting	March 2017	6,564.50
Callan Associates	Investment Consulting	1Q 2017	18,094.09
DeKalb County Finance Dept.	Pension Administration	1Q 2017	96,825.14
Elarbee, Thompson, et al.	Legal Consulting – C	June 2016	17,432.31
Elarbee, Thompson, et al.	Legal Consulting – C	January 2017	1,392.00
Elarbee, Thompson, et al.	Legal Consulting – S	January 2017	122.50
Elarbee, Thompson, et al.	Legal Consulting – T	January 2017	1,157.00
Elarbee, Thompson, et al.	Legal Consulting – S	February 2017	5,011.50
Elarbee, Thompson, et al.	Legal Consulting – T	February 2017	283.50
Elarbee, Thompson, et al.	Legal Consulting – S	March 2017	44,595.49
Fisher, Frita M, MD	Disability Examination	May 9, 2017	800.00

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GoDaddy.com	Website Hosting	4/27/17-4/26/20	287.64
RRM/Willis	Fiduciary Liability Ins.	3/11/17-3/10/18	56,280.00
Segal Consulting	Actuarial Consulting	12/1/16-2/28/17	8,375.00
Segal Consulting	Actuarial Consulting	Mar.-Sept. 2016	11,334.50
Subtotal			\$278,045.17
Total			\$1,061,229.02

The Board then listened to Todd Carabasi of Callan Associates review the 1st quarter investment results. Domestic equity had a strong quarter. Income Research + Management has replaced JP Morgan as of February 1, 2017, and next quarter will be the first full quarter performance for them. Marathon has replaced GMO as well. All managers had strong performances, except for Montag & Caldwell, which continues to trail their benchmark. Frontier was in line with the benchmark while Earnest Partners outperformed their benchmark by 5.5%. The total return for last year (April 1, 2016-March 31, 2017) was 13.02%. James Hendrix motioned, John McMullan seconded, and the Board approved engaging Callan to perform a search for a Large Cap Growth Manager.

Ed Wall asked Callan to produce the fees they charge other plans at the Investment Committee Meeting. In addition he asked Paul Wright to contact local retirement plans (Clayton Cobb, Fulton, and Gwinnett) and inquire about their investment consultant fees.

James Hendrix motioned, David Littlefield seconded, and the Board approved \$23 million (\$8 million from Southeastern, \$6 million from Gabelli, \$5 million from Jennison, and \$4 million from Montag & Caldwell) in benefit payment funding for June-July 2017.

The Board then listened to Deborah Brigham of Segal Consulting discuss reducing the discount rate assumption from 7.5% to 7.25% and how the proposed changes for the home rule ordinance would affect the pension plan. The home rule ordinance has three provisions: a 1% automatic cost of living adjustment for retirees, employees' contribution rates will not exceed one-third of the total, and compensatory time for employee board members attending the meetings. An approval of a 1% COLA would cause county contributions rates to increase. Retirees have not received any COLA since 2007. Adopting the automatic 1% COLA would increase county contribution rates to 19.7%. A one-time 1% COLA would increase contribution rates only 0.3%. Robert Robertson explained it has essentially been about 12 years since retirees have received a raise, since in 2007 only about one-third of retirees received a raise. He also stated retirees' medical insurance rates have been increasing every year and have more than doubled since the last COLA. Lowering the discount rate from 7.5% to 7.25% would increase the contribution rate. John McMullan motioned, Cornelius Yarbrow seconded, and the Board approved the proposed draft of the home rule ordinance. James Hendrix motioned, Cornelius Yarbrow seconded, and the Board tabled decreasing the discount rate from 7.5% to 7.25% until the Board of Commissioners makes a decision regarding the home rule ordinance.

James Hendrix motioned, David Littlefield seconded, and the Board approved a request from Alexis Ivy, an employee of the Finance Department, to repay contributions withdrawn from the pension plan, so as to receive credited service for prior employment.

James Hendrix motioned, David Littlefield seconded, and the Board approved continuing 12-month disability retirements for the following retirees:

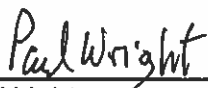
- Sowande T.K. Baruti
- Franky Cantrell
- Harriet Grayson
- Darrick P. Hughley

The Board then listened to comments from Board members. Robert Robertson asked why the cost of medical insurance for non-Medicare retirees is significantly more than employees' costs. Larry Jacobs explained it was a Board of Commissioners decision to create two separate risk pools. Retirees are being moved to their own risk pool over a five-year window with the employees no longer subsidizing the plan. Mr. Robertson also asked why there is a \$500 increase for adding just one person to the insurance. Mr. Jacobs explained the insurance companies determine the costs using their risk factors.

The Board then listened to comments from the Public. David Holcombe asked how a cost of living increase would be included the CEO's budget. Ed Wall explained the Pension Board recommends a cost of living increase to the Board of Commissioners to include in the budget. Nadine Ali asked about the life-to-date pension contributions being reflected back on their pay advices. Larry Jacobs informed they have been working with ADP on having a line to reflect life-to-date pension contributions. Roger Young wanted clarity on the new pension plan. Paul Wright advised it is a hybrid plan with the defined benefit multiplier of 1% for each year and the county contributes 3% to the 401(a) which the employee cannot. Employees, however, can contribute to a 457(b) plan.

James Hendrix motioned, David Littlefield seconded, and the Board approved entering executive session to discuss personnel issues and pending 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