

MINUTES

DEKALB COUNTY PENSION BOARD

May 5, 2016

The DeKalb County Pension Board held a meeting on May 5, 2016 in the Board of Commissioners Conference Room. The following members were present: James Hendrix, David Littlefield, John McMullan, Benita Ransom, Robert Robertson (via telephone), Interim CFO Virginia Rutledge, Edmund Wall, and Cornelius Yarbro. Others present: Patricia Keesler of Benefits Law Group; Todd Carabasi, Cody Chapman, and Weston Lewis of Callan Associates; Deborah Brigham of The Segal Company; Atara Hirsch of Abraham, Fruchter & Twersky; Allison Corbally and Karl Schneider of State Street Global Advisors; Lisa Bowman and Tim Murray of BlackRock; Cory Bush; Larry Jacobs; Jay Vinicki; and Paul Wright.

New Board member David Littlefield took his oath of office.

John McMullan motioned, Cornelius Yarbro seconded, and the Board approved the March 10, 2016 Pension Board minutes.

James Hendrix motioned, Cornelius Yarbro seconded, and the Board approved payment of the following invoices:

Vendor	Service	Period	Amount
Denver Investment Advisors	Investment Management	1Q 2016	\$79,839.91
Earnest Partners	Investment Management	1Q 2016	99,448.37
The Edgar Lomax Company	Investment Management	1Q 2016	33,422.07
Frontier Capital Management	Investment Management	1Q 2016	110,495.57
Jennison Associates	Investment Management	1Q 2016	128,101.02
Montag & Caldwell	Investment Management	1Q 2016	99,724.13
Southeastern Asset Management	Investment Management	1Q 2016	184,546.00
Waddell & Reed	Investment Management	1Q 2016	47,448.54
Subtotal			\$783,025.61
Benefits Law Group	Legal Consulting	Feb.-Mar. 2016	\$3,560.50
Callan Associates	Investment Consulting	February 2016	18,000.00
Callan Associates	Investment Consulting	1Q 2016	17,398.16
Callan Associates	Investment Consulting	April 2016	4,700.00
DeKalb County Finance Department	Pension Administration	1Q 2016	73,459.86
Elarbee, Thompson, Sapp & Wilson, LLP	Legal Consulting	February 29, 2016	104.00
RRM/Willis JV	Fiduciary Liability	March 2016	55,376.00
The Segal Company	Actuarial Consulting	12/1/14 - 2/29/16	8,375.00
Subtotal			\$180,973.52
Total			\$963,999.13

Weston Lewis of Callan Associates then reviewed the 1st quarter investment results. The composite large cap for the quarter returned 3.72% vs. the benchmark of 1.64%. Small cap

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composite over the last three years has returned 10.83% vs. the index of 6.84%. Advent has trailed the index over the last three and five years. GMO has slightly improved for the quarter. Jennison struggled for the first quarter but has done well for the last three years. Over the last three years, Southeastern was 3.5% better than the index. Denver and JP Morgan have been in line with expectation. Jeff Hagood, a portfolio manager with Montag & Caldwell, passed way. The Investment Committee met with J&P Morgan and concluded that with the recent changes and with portfolio managers resigning, a possible replacement should be explored. Ed Wall asked Deborah Brigham of The Segal Company to look at return expectations of 7.25% vs. the current 7.50% and present it at the next Board meeting.

James Hendrix, John McMullan seconded, and the Board approved to hire Callan Associates for \$30,000 to conduct a search for a Fixed Income Core Bond manager.

The Board then discussed the \$4.2 million needed for June and July benefit payments. Cornelius Yarbrow, John McMullan seconded, and the Board approved \$4.2 million in payments funded from Southeastern Asset Management.

The Board then listened to Deborah Brigham of The Segal Company present the summary of valuation projections if the County continued to contribute 18.56% of payroll beyond 2016, as opposed to Segal's recommended 15.04%. The amortization period would be 22.41 years as opposed to 28 years.

The Board then discussed the 2016 Pension Board budget. James Hendrix questioned the \$65,000 for "other professional services" for the current year anticipation vs. last year's \$2,868. Paul Wright stated he would research the amount. Benita Ransom inquired about providing an end-of-year statement for employees in regards to their pension benefit. Mr. Wright reminded the Board that employees can either use the website's pension estimator to project benefit amounts, or they may ask Pension Administration staff to mail estimates to them. He added that it would be a great deal of work to clean up the data in PeopleSoft to make statements accurate. Ms. Brigham stated Segal would look into what it would cost to implement statements. Robert Robertson inquired about the interdepartmental funding in regards to costs for check printing and salaries and how many positions it covers. Paul Wright confirmed the salary figure is for four full-time salaries and a fraction of Mr. Wright's time. James Hendrix motioned, Cornelius Yarbrow seconded, and the Board approved the 2016 Pension Board budget.

Virginia Rutledge and Deborah Brigham then discussed the \$33 million adjustment to the pension fund valuation. Robert Robertson motioned and James Hendrix seconded, to have an RFP for an independent financial and performance audit of the Pension Fund. Ed Wall asked Mr. Robertson to change the motion to direct staff to bring back a firm and a cost for the audit. Robert stated he will amend the motion to reflect staff to bring back a firm and cost for the audit. The Board approved directing staff to define an RFP for a financial and performance audit of the Pension Fund.

James Hendrix motioned, John McMullan seconded and the Board approved a request from

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Demarcus Taylor, an employee of Sanitation, to repay contributions withdrawn from the pension plan, so as to receive accredited service for prior employee.

James Hendrix motioned, John McMullan seconded, and the Board approved entering 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 Krys Branham.

James Hendrix motioned, Cornelius Yarbrow seconded, and the Board approved a 12-month disability pension for Harriet Grayson.

James Hendrix motioned, Cornelius Yarbrow seconded, and the Board approved to table the disability pension for Anthony Leonard, instructing him to return to the Pension Board's doctor for additional tests to determine if he is indeed disabled.

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

James Hendrix motioned, Cornelius Yarbrow seconded, and the Board approved a 12-month disability pension for Tracy Pitts.

James Hendrix motioned, Cornelius Yarbrow seconded, and the Board approved to be lead plaintiff on the Scott & Scott case and request to be released as lead plaintiff if the case is overturned at the Supreme Court.

The Board then listened to a presentation by Atara Hirsch of Abraham, Fruchter & Twersky, LLP. No action was taken at this time.

The Board then discussed the Pension Board Retreat location. The retreat will be held at the Emory Conference Center on July 14, 2016 [later changed to July 25, 2016].

The Board then listened to presentations by State Street and BlackRock on passive management. No action was taken at this time.

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



Paul Wright

Clerk, The DeKalb County Pension Board