

MINUTES

DEKALB COUNTY PENSION BOARD

March 20, 2014

The DeKalb County Pension Board held a meeting on March 20, 2014 in the Board of Commissioners Conference Room. The following members were present: Gwendolyn Brown-Patterson, James Hendrix, John McMullan, Edmund Wall, and Gale Walldorff. Others present: Patricia Keesler of Benefits Law Group; Todd Carabasi, Cody Chapman, and Weston Lewis of Callan Associates; Marlon Kimpson of Motley Rice; Eric Atwater of The Segal Company; Jelani Hooks; Larry Jacobs; Louis McGregor; and Jay Vinicki.

John McMullan motioned, Gale Walldorff seconded, and the Board approved the January 16, 2014 Pension Board meeting minutes.

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

Vendor	Service	Period	Amount
Advent Capital Management	Investment Management	10/1/13 - 12/31/13	\$68,136.76
Benefits Law Group	Legal Consulting	January 2014	2,079.00
Crawford Investment Counsel	Investment Management	1/1/14 - 3/31/14	18,430.73
DeKalb Neurology Group, LLC	Disability Examination	February 2014	295.00
Denver Investment Advisors	Investment Management	10/1/13 - 12/31/13	77,394.56
Edgar Lomax Company	Investment Management	10/1/13 - 12/31/13	30,973.48
Frontier Capital Management	Investment Management	10/1/13 - 12/31/13	124,254.59
Gabelli Asset Management	Investment Management	10/1/13 - 12/31/13	207,116.00
Jennison Associates	Investment Management	10/1/13 - 12/31/13	122,411.95
J.P. Morgan Asset Management	Investment Management	10/1/13 - 12/31/13	56,984.16
Joseph H. Martin, Jr., MD	Disability Examination	December 2013	228.00
Montag & Caldwell	Investment Management	10/1/13 - 12/31/13	131,718.16
The Segal Company	Actuarial Consulting	9/1/13 - 11/30/13	38,550.00
State Street	Custodial Supervision	10/1/13 - 12/31/13	40,586.44
Waddell & Reed	Investment Management	10/1/13 - 12/31/13	47,436.81
Total			\$966,595.64

Todd Carabasi, Cody Chapman, and Weston Lewis of Callan Associates reviewed the investment results through February 28, 2014. The plan is about 4% above target on domestic equity. As of the end of February, the total fund was \$1.3 billion, an increase of about \$16 million or 1.8% for the calendar year. As of December 31, 2013, the asset allocation of the Fund was 32% fixed income, 56% domestic equity, and 12% international. For the 12 months ending February 28, 2014, the return was 20.74%. Fiscal year to date through the end of February was 17.12% gross of fees. Ed Wall noted that domestic fixed income had performed well below the

target. The fixed income product will go down in value. Mr. Wall noted the performance of Montag & Caldwell over the last year. Montag is considered a “bear market” manager. Southeastern Asset Management is holding 26% cash because they cannot find any cheap stocks to buy. Gale Walldorff wanted to know what Southeastern does with the cash they are holding. Weston Lewis responded that it is in a money market fund. The plan has earned 18.44% in the last five years.

Cody Chapman of Callan Associates then discussed Equity Trading Cost Analysis. The commission recapture program was terminated a little over a year ago. Commission totals to the fund at the end of 2012 were a little more than \$105,000. Commission totals through the end of 2013 were about \$17,000. The fund is saving an average of about \$30,000 per quarter paying commissions. Montag & Caldwell’s commissions are high, averaging 3 cents per share; other managers average about 2.75 cents per share. In addition, their average execution costs are about 15 cents per share.

The Board then discussed benefit payment funding for April and May. Jelani Hooks stated that the fund needs \$5.7 million to fund benefit payments. Ed Wall asked Weston Lewis and Cody Chapman to make a recommendation and come back to the Board. Mr. Lewis recommended:

Manager	Amount To Take
Jennison Associates	\$3.0 million
Gabelli Asset Management	\$2.7 million
Total	\$5.7 million

James McMullan motioned, James Hendrix seconded, and the Board approved taking \$3 million from Jennison Associates and \$2.7 million from Gabelli Asset Management to fund April and May benefit payments.

The Board then discussed the Callan College for trustees. Callan College is a two day, intensive, investment education session where numerous Callan specialists talk about what fiduciaries need to know about investments. James Hendrix motioned, John McMullan seconded, and the Board authorized Gale Walldorff, John McMullan, James Hendrix, Gwendolyn Brown-Patterson, and Jelani Hooks to attend Callan College on April 15-16, 2014, at a cost of \$6,000.

The Board then discussed the adoption of the 2014 Budget. The first item was the 2013 Budget. Year-to-date revenue was \$7,001,247. Investment income was \$3,668 over budget. Total revenues were \$124,660,653. Ed Wall continued to review the expenses, which totaled \$125,110,527. For 2014, revenues and expenditures equal. Gale Walldorff motioned, James Hendrix seconded, and the Board approved the adoption of the 2014 Budget. Ed Wall requested that a copy of the budget go to the Board of Commissioners.

The Board then discussed the Special Election for employee representative. Sheriff Thomas Brown retired on February 28, 2014, leaving a vacancy for this position. Jelani Hooks stated that the earliest the election can be held is August 7. A qualifying period will be held the last week of June. The seat is vacant until filled. John McMullan motioned, James Hendrix seconded, and the Board approved holding a special election for the employee representative seat vacated by Sheriff Thomas Brown on August 7, 2014. The employee representative will serve through December 31, 2015.

James Hendrix motioned, Gale Walldorff 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:

- John C. Austin, an employee of Watershed Management
- Shaneqwa S. Eafford, an employee of Fire Rescue
- Theodoric A. Rodgers, an employee of Sanitation
- Clarence Stevenson*, an employee of Sanitation
- Antoino B. Taylor, an employee of Sanitation

* Clarence Stevenson has two periods that he requested; however he is eligible only for the second period, June 13, 2011 - October 15, 2011.

Gale Walldorff motioned, James Hendrix seconded, and the Board approved a request from Leonard Witherspoon, an employee of Fleet Maintenance, to pay contributions for employment while on military leave without pay, so as to receive credit for that service.

Ed Wall asked if there were any comments from the audience. Jeffrey Wiggs wanted copies of the items that were voted on, and also wanted to know why the election is going to take so long when the Board knew that Sheriff Brown was retiring. Jelani Hooks replied that it is up to Voters Registration to determine when they can hold elections. Being that it was election season, the date of August 7 was the earliest an election could be held. Gale Walldorff asked if there was if any action could be taken against a board member who missed a few meetings. Mr. Hooks replied that there is a provision in the Code that requires Board members to attend at least one-half of the meetings in person, or else they could be voted off the Board. There was some concern that the retiree representative Robert Robertson has not attended a board meeting in over a year. Ed Wall added that if the Board wished, he would communicate to Mr. Robertson the rules about attending meetings and give him an opportunity to do so. James Hendrix said that Mr. Robertson's experience is invaluable, and that you would not find a stauncher advocate for the retirees than Mr. Robertson.

The Board then listened to a presentation by Marlon Kimpson of Motley Rice. The Plan has suffered a significant loss of \$1.2 million in connection with its investments in NII Holdings, Inc. The Plan's losses stem from investments in NII common stock. The Plan purchased 210,300 shares of NII common stock for \$1.5 million. All of the shares were purchased by Frontier Capital Management. Because NII debt securities are also included in the litigation, Motley Rice recommends that the Plan move jointly for Lead Plaintiff with one or two other plaintiffs that suffered losses from their purchases of debt and/or common stock securities. A small cohesive group of investors would ensure that the entire class is represented and provide other leadership benefits. Moreover, Motley Rice stands ready to recommend to certain of its clients that have interest in serving with the Plan as Lead Plaintiff. The filing deadline is May 5, 2014. John McMullan motioned, James Hendrix seconded, and the Board approved joining the class action lawsuit filed by Motley Rice and serving as Lead Plaintiff.

John McMullan motioned, Gale Walldorff seconded, and the Board approved entering Executive Session for the purpose of discussing disability.

Gale Walldorff motioned, James Hendrix seconded, and the Board approved a permanent disability pension for Allan S. Zukowsky.

John McMullan motioned, James Hendrix seconded, and the Board approved a one-year disability pension for Wanza L. Sanders.

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



Jelani K. Hooks

Clerk, The DeKalb County Pension Board