

## MINUTES

### DEKALB COUNTY PENSION BOARD

October 15, 2009

The DeKalb County Pension Board held a meeting on October 15, 2009 in the Finance Department conference room. The following members were present: Michael Bell, James Butler, Andrella Kenner, Christopher Prickett, Joe Stone, and Ed Wall. Others present: Greg Bauer of Callan Associates, Nikole Davenport and James Wilson of Chitwood Harley Harnes, Eric Atwater and Rocky Joyner of The Segal Company, Gordon Burkette, Nathan Fowler, Louis McGregor, Michelle Thomas, Paul Wright, and Matthew Zimmerman.

Ed Wall, Chairman of the Pension Board, called the meeting to order.

Christopher Prickett motioned, Andrella Kenner seconded, and the Board approved the minutes of the July 15, 2009 Pension Board meeting.

Andrella Kenner motioned, Christopher Prickett seconded, and the Board approved the minutes of the September 16, 2009 Pension Board meeting.

Christopher Prickett motioned, Andrella Kenner seconded, and the Board approved ratification of payment of the following invoices:

Vendor	Service	Period	Amount
Advent Capital Management	Investment Management	4/1/09 - 6/30/09	\$48,701.52
Callan Associates	Investment Consulting	4/1/09 - 6/30/09	13,375.00
Callan Associates	Investment Consulting	June 2009	58,000.00
Crawford Investment Counsel	Investment Management	7/1/09 - 9/30/09	13,814.28
Decatur Capital Management	Investment Management	7/1/09 - 9/30/09	7,494.00
DeKalb County Finance Department	Pension Administration Expenses	4/1/09 - 6/30/09	57,942.84
Denver Investments	Investment Management	4/1/09 - 6/30/09	42,660.18
Druid Hills Golf Club	Investment Retreat	July 15, 2009	1,602.12
Earnest Partners	Investment Management	7/1/09 - 9/30/09	77,206.68
The Edgar Lomax Company	Investment Management	4/1/09 - 6/30/09	19,016.38
Gabelli Asset Management	Investment Management	4/1/09 - 6/30/09	92,532.00
Jennison Associates	Investment Management	4/1/09 - 6/30/09	89,102.87
Charles E. Johnson, M.D.	Disability Examination	August 13, 2009	350.00
Charles E. Johnson, M.D.	Disability Examination	August 18, 2009	350.00
Charles E. Johnson, M.D.	Disability Examination	August 18, 2009	350.00
Lord Abbett	Investment Management	4/1/09 - 6/30/09	41,183.32
Mazama Capital Management	Investment Management	4/1/09 - 6/30/09	50,416.03
Montag & Caldwell	Investment Management	4/1/09 - 6/30/09	90,804.13
Profit Investment Management	Investment Management	4/1/09 - 6/30/09	15,377.04
The Segal Company	Consulting Services	6/1/09 - 8/31/09	8,375.00
Southeastern Asset Management	Investment Management	4/1/09 - 6/30/09	130,518.00
State Street Bank & Trust Company	Account Custodial Fees	4/1/09 - 6/30/09	31,489.94
Tattersall Advisory Group	Investment Management	4/1/09 - 5/11/09	33,171.00

Andrella Kenner motioned, Christopher Prickett seconded, and the Board approved entering Executive Session to discuss pending litigation.

Christopher Prickett motioned, Andrella Kenner seconded, and the Board approved authorizing Chitwood Harley to pursue litigation as lead plaintiff to recover losses from MGM Mirage.

Andrella Kenner motioned, Christopher Prickett seconded, and the Board approved authorizing Chitwood Harley to pursue litigation as lead plaintiff to recover losses from UCBH.

The Board then discussed the presentation made by representatives from Motley Rice, a securities litigation firm. Ed Wall suggested that the Board report to Motley Rice that they appreciated the presentation, but the Board is not presently looking to hire additional legal counsel. Mr. Wall and Christopher Prickett agreed that it was fair that the Board interview more litigation firms before making a choice to hire Motley Rice. Andrella Kenner asked what brought about the presentation from Motley Rice. Mr. Prickett stated that the firm raised the possibility of being able to recoup more losses by having more than one litigation firm working for the Board. Mr. Wall asked Paul Wright to write a letter to Motley Rice explaining the Board's position.

Greg Bauer of Callan Associates reviewed the 2<sup>nd</sup> quarter 2009 investment results by Callan Associates. The fund gained 13.7% during the quarter. The market had strong 2<sup>nd</sup> and 3<sup>rd</sup> quarters. Even though Mazama has improved their performance, Greg Bauer suggested that the Board take a closer look at Mazama to see if the Board is comfortable with the risk that Mazama brings to the portfolio. Ed Wall stated that would like to invite Mazama to speak to the Investment Committee meeting, particularly to discuss why they continued to buy UCBH after that company had accounting allegations brought against them. Earnest Partners had a good quarter in a quarter that was difficult for small cap stocks. Mr. Wall asked that the Board put Profit on a watch list because of the inconsistent behavior Mr. Wall said they have reported – Profit closed their Chicago office supposedly because of a reduction in profits, but Profit reported a 20% profit and paid bonuses; also, Profit has recently lost investment under management. Andrella Kenner motioned, Christopher Prickett seconded, and the Board approved placing Profit Investment Management on a watch list and asking Mazama Capital Management and Gabelli Asset Management to address the next Investment Committee at its next meeting.

The Board discussed the updated investment policy statement. HB 371 allows the fund to invest in derivatives, but the County pension code does not. Callan rewrote the investment policy statement to remove the derivatives language. Andrella Kenner motioned, Christopher Prickett seconded, and the Board approved the updated investment policy statement.

Christopher Prickett motioned, James Butler 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.

- Jennifer S. Hart, an employee of State Court
- Concepcion M. Mena, an employee of Probate Court
- Ricky L. Smith, an employee of Sanitation

James Butler motioned, Christopher Prickett seconded, and the Board approved a request from Theresa Starkes, an employee of Solicitor State Court, to repay contributions withdrawn from

the pension plan, so as to receive accredited service for her second period of employment.

Christopher Prickett motioned, Andrella Kenner seconded, and the Board approved one-year disability pensions for Melvin Baldwin, Kenneth C. Hamilton, and Christine Moss.

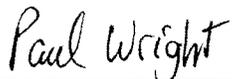
The Board then discussed the appeal of a disability applicant, Police Services employee Matthew Zimmerman, who in 1991 suffered a gunshot wound to his right foot. Sgt. Zimmerman expressed that the denial of his disability application was based on the availability of light duty jobs, but there are no such jobs currently available. Joe Stone expressed that he had not received a request from Police Services to identify such jobs. Sgt. Zimmerman stated that he wanted to be on disability retirement for one year, receive an operation to repair his foot, rehabilitate from the surgery during that year, and then return to work. Joe Stone stated he would like to speak with the Police Chief about this matter. Andrella Kenner motioned, Christopher Prickett seconded, and the Board approved entering Executive Session to discuss personnel matters. After the Executive Session, Christopher Prickett motioned, Andrella Kenner seconded, and the Board approved deferring Matthew Zimmerman's appeal until the November 5 meeting.

Rocky Joyner and Eric Atwater of The Segal Company then reviewed the April 1, 2009 actuarial valuation. The current contributions for the employees and the County are 4.5% and 9.5%, respectively. The required County contribution for 2010 is 9.1%. Ed Wall reported that the CEO asked the Pension Board to wait until 2011 to request an increase in pension contributions. Based on the April 1, 2009 actuarial valuation results and ignoring market gains afterward, Segal projected that if there are no contribution increases in 2010, then the 2011 contributions would have to increase \$26 million, or 6.3% of payroll. Michael Bell stated that an increase in County contributions in 2010 could cause either some job cuts in the County's workforce or an increase in the millage rate. Dr. Bell also stated the prospect of closing the pension plan to new employees and offering only a defined contribution plan to new employees, a proposal that Christopher Prickett opposed. James Butler favored increasing County and employee contributions slightly in 2010 to mitigate employees' contribution increases thereafter. Mr. Joyner agreed to complete a new projection for the November 5, 2009 Board meeting, based on adjusting the 30% "collar" limit on the actuarial value of assets. Mr. Joyner also said he would send the Board information on DROPs (Deferred Retirement Option Plans), which, if designed correctly, could help reduce pension costs.

James Butler asked about a web-based pension estimator for employees. Paul Wright agreed to this idea but affirmed that employees are encouraged to request pension estimates directly from Pension Administration personnel, so as to receive more accurate information.

Gordon Burkette, Legislative Coordinator for the CEO's Office, introduced himself to the Board. He stated that he will attend the Board meetings as a non-voting member on the CEO's behalf.

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



Paul Wright

Clerk, The Pension Board of DeKalb County