

MINUTES

DEKALB COUNTY PENSION BOARD

March 4, 2010

The DeKalb County Pension Board held a meeting on March 4, 2010 in the Finance Department conference room. The following members were present: Michael Bell, James Butler, Christopher Prickett, Robert Robertson, Joe Stone, and Ed Wall. Others present: John Carr and Weston Lewis of Callan Associates, Jeff Johnson and Rocky Joyner of The Segal Company, Keith Barker, Gordon Burkette, Nathan Fowler, Jelani Hooks, Louis McGregor, Michelle Thomas, and Paul Wright.

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

Robert Robertson motioned, Christopher Prickett seconded, and the Board approved the minutes of the January 7, 2010 Pension Board meeting.

Christopher Prickett motioned, James Butler seconded, and the Board approved the re-election of Robert Robertson as Vice-Chairman of the Pension Board.

Robert Robertson motioned, Christopher Prickett seconded, and the Board approved the ratification of the following invoices:

Vendor	Service	Period	Amount
Advent Capital Management	Investment Management	10/1/09 - 12/31/09	\$57,086.25
Callan Associates	Investment Consulting	10/1/09 - 12/31/09	13,500.00
Crawford Investment Counsel	Investment Management	1/1/10 - 3/31/10	16,038.81
Decatur Capital Management	Investment Management	10/1/09 - 12/31/09	8,062.11
DeKalb County Finance Department	Pension Administration Expenses	10/1/09 - 12/31/09	78,306.08
Denver Investments	Investment Management	10/1/09 - 12/31/09	27,804.94
Earnest Partners	Investment Management	10/1/09 - 12/31/09	80,540.00
Edgar Lomax Company	Investment Management	10/1/09 - 12/31/09	26,358.18
Gabelli Asset Management	Investment Management	10/1/09 - 12/31/09	116,468.00
Jennison Associates	Investment Management	10/1/09 - 12/31/09	100,257.07
Kingloff, Daniel L., MD	Disability Examination	December 15, 2009	849.02
Mazama Capital Management	Investment Management	10/1/09 - 12/31/09	64,974.30
Montag & Caldwell	Investment Management	10/1/09 - 12/31/09	106,051.89
Profit Investment Management	Investment Management	10/1/09 - 12/31/09	18,336.99
Southeastern Asset Management	Investment Management	10/1/09 - 12/31/09	164,659.00

Christopher Prickett motioned, Robert Robertson seconded, and the Board approved a request from David Dorsey to repay contributions withdrawn from the pension plan, so as to receive accredited service for prior employment.

Christopher Prickett motioned, Robert Robertson seconded, and the Board approved a request from Jewel Margene Hendrix to repay contributions while on leave without pay, so as to receive accredited service for employment.

Jelani Hooks then gave some background on the disability appeal from Glenda Moreno, an employee of the Library.

Ms. Moreno then went on to explain the difficulties that she was having performing her normal job duties with the pain she feels in her left foot due to extensive surgery. Christopher Prickett asked her if she had considered taking the early retirement, and she responded yes; however, she wanted to explain her current situation. Robert Robertson explained to Ms. Moreno that if she receives a disability retirement, her disability is reviewed every year, and she is looking only at a 12-month timeframe for receiving the benefit. He also indicated to Ms. Moreno that she would then have to be 100% disabled in order to continue receiving the benefits. Joe Stone asked Ms. Moreno if she still wanted the Board to consider her disability request and she did.

Ed Wall then turned the Board's attention to the letter related to Glenda Moreno's condition from Dr. Kingloff, the Pension Board's physician. Dr. Kingloff stated that he believed Ms. Moreno could perform her regular job, and Mr. Wall advised that the Board did not have any additional information to overrule the doctor's diagnosis. Joe Stone agreed. Robert Robertson motioned, Christopher Prickett seconded, and the Board denied Ms. Moreno's disability appeal.

The Board then discussed the Home Rule Ordinance related to the Payment in Lieu of Annual Leave from the Pension Fund that the Board of Commissioners (BOC) is to review. The Home Rule Ordinance would approve the County to repay the Annual Leave Payout portion of the Early Retirement Option (ERO) back to the pension fund by increasing its contribution rate. Ed Wall asked James Butler for his opinion of the ordinance and Mr. Butler was concerned with the language used. He wanted it to be clear that the annual leave payout was a loan from the pension fund and that the County is responsible for repaying it. Mr. Wall concurred and understood that the annual leave payout is to be treated as a fixed income investment where the actuarial amortized amount includes principal as well as interest at 7.75%. He asked Michelle Thomas if the Home Rule Amendment covers the County's responsibility to repay the annual leave payout plus interest and she believed that it did. Rocky Joyner of The Segal Company agreed and suggested that if the Board wanted to make a change to the amendment, they could add additional language specifying the actuarial amount amortized over a 30-year closed period. Michael Bell wanted to include such language, but Ms. Thomas advised that under Georgia law, the County is not able to bind itself to this agreement and it would not be legal or valid. Dr. Bell advised that under Georgia law, when there is a benefit change, such as the ERO, State law assumes the actuarial amortized amount is over a 30-year period. Ed Wall stated to Mr. Butler that Item C of the Home Rule Amendment binds the County to repay whatever money is received from the pension fund together with interest thereon. Robert Robertson motioned, Ed Wall seconded, and the Board approved a motion to adopt the portion of the Home Rule Ordinance as it relates to the Annual Leave Payout of the Early Retirement Plan.

The Board then discussed the 2010 pension contribution rates. Robert Robertson requested that this portion of the meeting be transcribed as close to verbatim as possible.

Ed Wall: *Item #8 is the 2010 pension contribution rates. Is this the ½% we asked for, that the Commissioners didn't approve? Is that what that is?*

Michael Bell: *Well, yes sir. Just to update y'all, that item was brought a few times, the Board fell off schedule. The difficulty in this, of course, is that you got this legal advertising requirements, okay. The Board, at their last direction, said bring these back, and there are three of them, in 30 days. In the interim, however, in the fight to balance the budget, the \$1.2 million on the government side, that the Executive head recommended, for the ½% on the government side the Board took that and used that in balancing the budget, okay. It was no big fight with the Executive on that, just because of our budgetary pressures, okay? It doesn't look like the Board, so when this does come back which again will be on March 23rd? Okay, I'm going to stand up and say, hey, recognizing that y'all took the government side, ok, I don't think that they're going to go forward with the employee side (by itself). It would be nice to get a position from the Pension Board on that; what I'm saying is \$1.2 million is not in the budget formula right now to do the government side. If y'all direct me or direct the Chairman to say, hey, the employees want to go up to half, let us know. I don't think the Board is going to –*

Christopher Prickett: *I think we need to go together.*

Michael Bell: *Excuse me?*

Christopher Prickett: *I think we need to go together.*

Michael Bell: *I agree with you.*

Christopher Prickett: *That was the recommendation. That's what we all talked about.*

Michael Bell: *I agree with you. So, with all that being said, in all likelihood, they'll probably vote it down making any adjustment for '10, so we'll stay at 9.5/4.5.*

Ed Wall: *Yes, sir, Mr. Butler.*

James Butler: *What does that do for '11?*

Rocky Joyner: *It'll make '11 incrementally more. Not a big difference. The only idea of changing at all is to give the budget piece a little bit of a movement forward, so the change from one to the other wasn't quite as large. Long-term, it really doesn't make a lot of difference.*

Christopher Prickett: *Mr. Chairman?*

Ed Wall: *Yes, sir, Mr. Prickett.*

Christopher Prickett: *Just listening to and reacting to Dr. Bell, I don't want to put anything*

out there that the Commissioners may go up on employees and not go up on the County side. The County's decided that they're not even going to participate; and I don't understand why we put something before them that the employees would participate in...

Michael Bell: *Yeah, I agree with you. Just because they, when the whole big thing was brought, the last motion was hey, bring it back in 30 days, ok?*

Christopher Prickett: *Right.*

Michael Bell: *And, we're following their direction, now, if...*

Christopher Prickett: *It needs to be all or nothing, though.*

Michael Bell: *I don't disagree with you. How about this – if the Pension Board votes to request that we ask to pull that item, completely, I will communicate that back to the Budget Chair, and Michelle, show that we handle it, if that's what you want to do.*

Christopher Prickett: *What do you think, James? I mean our whole thing was to go up some this year...*

James Butler: *Right.*

Christopher Prickett: *...rather than nothing to make it a little bit less.*

James Butler: *Listen...*

Michael Bell: *I understand.*

Robert Robertson: *...to make it a little palatable for next year.*

Christopher Prickett: *It's going to sting no matter what we do, and we've still got this 45 and 10 to consider, which is just crazy to me, but the employees are going to wind up paying for it. They're losing more and more out of their paycheck, every time we come here to sit down and discuss something, and the thought of them losing more out of their paycheck and the County not at least going equally with them...*

Michael Bell: *Yeah, I agree and the discussion was even-stein. If you, the Pension Board, say we'd like to request that the Board of Commissioners drop that item. Are you withdrawing your request at that point? I'll communicate it to them.*

Christopher Prickett: *I know there's been...*

Ed Wall: *I do not want to withdraw...I want to continue to submit that home rule ordinance even though its going to be a partial year now, it won't be retroactive back to January 1. I guess it will take effect whenever it takes effect, but we need to be on record asking the County and the employees to contribute more money.*

Christopher Prickett: *I agree with that, but also, at what point can we withdraw this if they don't agree with that and they want to go the other way? There have already been discussions in open meeting where they want to increase the employees' contribution and not the County's.*

Michael Bell: *Just to let you know we've got to drop the ad... the ad's prepared. We've got to drop the ad on the 10th of March.*

Ed Wall: *Yes sir, Mr. Butler?*

James Butler: *What Mr. Prickett's saying is, if the Home Rule Ordinance is drawn up, where it says the County will increase and the employee will increase?*

Michael Bell: *I think... Because the agenda item says the County will go up; the Ordinance says the employee will go up...*

Michelle Thomas: *Correct.*

Michael Bell: *They're not both in the Ordinance.*

James Butler: *So, OK, so if the Ordinance came in front of them, it would only be the employee contribution that would go up. Is that correct?*

Michael Bell: *Well, I think the agenda item and the ordinance travel together, right?*

Michelle Thomas: *They do travel together, but what will actually be amended in the Home Rule Ordinance will be the section we've already put as the contributions.*

Robert Robertson: *...which is the employee side?*

Rocky Joyner: *Can you put a caveat in the Home Rule Ordinance which says they'll increase, if and only if, the County approves their increases?*

Michelle Thomas: *I can make that change, but I would definitely need to research it, because it's never been a part of the pension code, in the last 40-something years, so that may cause other issues, like something we haven't thought about yet, so I'd be hesitant to do it and say right here, but I would actually... and that the County attorney would agree with you then.*

Rocky Joyner: *I see.*

Christopher Prickett: *You know everything we doing here, we talk about the one-third, two-thirds, and we try to keep it equal, but the discussions that have been going on when I've been watching the Board of Commissioner's meeting, they're not...they don't care about the one-third, two-thirds; that's only in here.*

Ed Wall: *I think it's coming only from one commissioner, Commissioner Rader; he's the only one that suggested that.*

Christopher Prickett: *When they start the suggestion, then other people listen, especially when you don't have a balanced budget yet...*

Ed Wall: *Yes...*

Christopher Prickett: *...and when you start talking about health benefits and everything, it can be catastrophic to the employee.*

Ed Wall: *Right.*

Michael Bell: *We have a balanced budget...*

Christopher Prickett: *We don't want to contribute to that.*

Michael Bell: *...based on our assumptions.*

Christopher Prickett: *Yeah, those are assumptions. We all know the definition of that one.*

Ed Wall: *Yes, sir.*

Christopher Prickett: *We don't want...we don't want to contribute to anything that would be catastrophic to the employee...*

Ed Wall: *Yes, sir.*

Christopher Prickett: *...especially in light of everything that's going on.*

Ed Wall: *I just, I would like to see us, re-advertise the Home Rule, bring it back up to the Board of Commissioners, for a ½% increase for the County, and a ½% for the employees. I mean... our fund needs it.*

Christopher Prickett: *If...if they were to change the Home Rule or not approve it, then it would have to be re-advertised, right?*

Michael Bell: *Yes. You've got to stay on schedule.*

Ed Wall: *They were ready to approve it, I believe, the day that it was there, but it turns out because of all the rigmarole over the budget, we got off kilter with the time, so legally it wasn't right for them to vote on it.*

Michael Bell: *Right.*

Ed Wall: *Yes, sir?*

Robert Robertson: *If I understood you correctly, ½% for the County, ½% for the employee, correct?*

Ed Wall: *Yes, sir.*

Robert Robertson: *That deviates from the two-thirds, one-third you'd be looking at.*

Ed Wall: *Well, it's already two-thirds, one-third...so, when I raised the whole ocean, both of them are still two-thirds, one-third.*

Michael Bell: *So you'd go from 9.5 to 10 and 4.5 to 5, ten and five.*

Rocky Joyner: *You're not at two-thirds, one-third right now.*

Robert Robertson: *Well, I want both sides to go up if we go up here, understand?*

Ed Wall: *I couldn't agree more with that. Tell me something, payroll is about \$300 million?*

Michael Bell: *Three thirty-four....*

Ed Wall: *...and a ½%, for part of a year?*

Michael Bell: *Well, what we had had in the budget was \$1.2 million on the government side, so that ought to be the same...spread amongst all the employees.*

Ed Wall: *Right... All I'm saying... Is the Administration still going to be OK with doing that, in the budget?*

Michael Bell: *The Commissioners would have to find the 1.2 (million) someplace else in the budget.*

Ed Wall: *That's what I was asking. You answered the question... Y'all hear what he's saying? Anyhow, I still think we ought to ask for it. It's something that's very important. Do I hear a motion that we ask then recommend to the Board of Commissioners that they approve an increase in the 2010 contribution rates of ½% by the employees and ½% by the County?*

Robert Robertson: *With discussion... I'll second the motion, for discussion.*

Ed Wall: *All right, I'll make a motion, seconded. Discussion, Mr. Robertson?*

Robert Robertson: *I want to figure out a way to put something in there – that we will only*

go up if both sides are paying. We need money in the fund, just like you said. A ½% from the employee is great; a ½% from the County makes it better. That's going to multiply the rate of return, everything else.

Ed Wall: *Mr. Prickett, then Mr. Joyner.*

Christopher Prickett: *I wish we had a home rule ordinance that says it was 1/3, 2/3. Then we increase it by ½ (percent).*

Michael Bell: *The Board would be giving up its discretion it's had over the years, to set the proportions.*

Christopher Prickett: *I think it's becoming germane that if we don't do something, then they will upset the balance and it'll go 50/50.*

Ed Wall: *Mr. Joyner?*

Rocky Joyner: *The thing I was thinking: Michelle mentioned earlier about the home rule ordinance... not wanting the language in the ordinance itself, tying it to the... I understand that. What if you... not in the ordinance, but in the effective date of the ordinance, say, this ordinance becomes effective upon the County adopting their additional...? It's not actually in the ordinance but it's outside the ordinance as part of the effective date. Then, if the County never adopts it, it never becomes effective.*

Michelle Thomas: *Right, and the ordinance becomes effective upon filing it with the Secretary of State, that's in the Constitution, so, if I don't file it, it doesn't become effective...but...*

Rocky Joyner: *Another odd thought ...*

Michelle Thomas: *I know, I understand.*

Robert Robertson: *The only published document we have is the County code, and if it's not in the Ordinance, it's not published in the County code, correct?*

Michelle Thomas: *You mean what I'm touching right now, the pension code, is there anything else?*

Robert Robertson: *Yeah, yeah, the pension code.*

Michelle Thomas: *You could pull...with the Clerk... everything...*

Robert Robertson: *You could pull the minutes and all, but...*

Michelle Thomas: *...and find out the intent, obviously, and that is helpful.*

Robert Robertson: *Right... yeah...but if it's not in that Code, I don't trust it, because that's like the Bible right now.*

Michael Bell: *How about Mr. Chairman, if I could, how about this...how about...Well, you leave it the way it is, they directed that it come back, and you have your Chairman come and, he's going to say he wants both sides to go up.*

Robert Robertson: *Exactly.*

Michael Bell: *Y'all don't want to put it in play. I don't know what to say.*

Robert Robertson: *I think the intent, Mr. Chairman... I think the intent of the Board is they want both sides to go up.*

Ed Wall: *No question about it?*

Robert Robertson: *No ands, ifs, or buts about it.*

Ed Wall: *Right.*

Robert Robertson: *And, you know it's not acceptable for one side to go up and the other one not.*

Ed Wall: *I don't see...did you feel that the Commissioners were even thinking about that?*

Michael Bell: *About what? Just doing one side?*

Ed Wall: *Yeah?*

Michael Bell: *No.*

Ed Wall: *I didn't.*

Michael Bell: *I never got that impression, but there was one commissioner discussing the relationship.*

Ed Wall: *Mr. Rader.*

Michael Bell: *Uh...*

Ed Wall: *All right, so we got a motion and a second, for the request that the Home Rule Ordinance be passed for contribution increases to go up ½ percent, and that they both go, employee and County, or none at all. Do I hear any other discussion?*

James Butler: *Yeah, I got a discussion. I'm not going to vote for unless there's some way that ties it together, because I don't want them to get up there and Rader to suggest that we*

approved this Home Rule Amendment, and the employees goes up 5% and it's done...and that's what we're putting on the table for them to do, the way I understand it.

Ed Wall: *Unfortunately, we have no way to bind them; they can do anything they want to, really. All we're doing is recommending. Is that not correct?*

James Butler: *I don't mean to bind them to make them go up...*

Ed Wall: *I know...*

James Butler: *...but I want to bind them that if they don't, then they can't make us.*

Ed Wall: *Is that something we can do? We don't have that power, do we, Michelle?*

Michelle Thomas: *Governing authority enacts the ordinances.*

Ed Wall: *Right.*

Robert Robertson: *We can... Mr. Chairman?*

Ed Wall: *Yes, sir?*

Robert Robertson: *For discussion...we can put in there "as fiduciaries of the pension fund, the Pension Board recommends" that it goes up equally to both, and plugging in "the fiduciary" means that we are meeting our obligation. What they do, if they go against fiduciaries of the fund, there's nothing we can do about that. Put it into the Home Rule Amendment that the Pension Board, based on their fiduciary responsibility, recommended this to the Board of Commissioners. They deviate from; it relieves the liability from us and puts it back on the governing authority. Same situation with everybody, with their taking pension holidays and it comes back on the board members, we need to clarify that the Board is recommending the right thing to do. Whether the Commissioners do the right thing or not is up to them.*

Ed Wall: *You good with that?*

James Butler: *Can we do that?*

Michelle Thomas: *Do you mean to include it in the Home Rule Ordinance?*

James Butler: *Yes.*

Michelle Thomas: *Well, in the Pension Code. there are already two sections about... liability and... being relieved of... not having any liability. Beyond that... if you want it to be restated...It hasn't been, but if you want me to restate it...*

Robert Robertson: *We can restate it...Can we restate it in the Home Rule amendment?*

Michelle Thomas: *At this point, I don't see what would be problematic about that...*

Robert Robertson: *Put it in, Mr. Chairman, it's just that it's not problematic with the narrative.*

Michelle Thomas: *I would like to take some time to research it as well.*

Ed Wall: *Well, if you can't add it, I guess you're going to have to come back to us.*

Robert Robertson: *And it's got to be done before the 10th.*

Ed Wall: *Mr. Butler?*

Michelle Thomas: *Well, since we're pressed for time, please repeat exactly what you want, and I'll get back to you as soon as possible.*

Robert Robertson: *The Pension Board, based on their fiduciary responsibility to the Fund, is recommending to the Board of Commissioners, that they go up equally, from the employee and the employer, to make sure that the fund maintains its stability and funding level.*

Michelle Thomas: *The only problem with the recommendation is that's not what the purpose of an ordinance is for; it's for you to actually, take an action. The language may be problematic.*

Robert Robertson: *The problem is that they are not locked in to what the Pension Board says to do. The Pension Board needs to be on record as to what they are recommending to do. Not just in the minutes or tapes or published minutes it needs to be clarified to the voting members who improve benefit enhancements what the Pension Board is trying to do.*

Michelle Thomas: *Is it acceptable for it to be in an agenda item, and that does state your intent?*

Robert Robertson: *I would prefer it in the ordinance; that way it's crystal clear. There's no ands, ifs, or buts.*

Michelle Thomas: *The language will be problematic for the ordinance, because that is not what the purpose of an ordinance is for. But I will certainly take a look at it and get back to you as soon as possible.*

Ed Wall: *Motion is seconded. Any discussion? All those in favor, say "aye."*

Ed Wall: *Aye.*

Michael Bell: *How about this...OK...*

Robert Robertson: *Point of order! There's a vote on the floor. It's not open to discussion at this time. If it's voted down, then we can go forward.*

Ed Wall: *We've got one "aye." All opposed, like sign?*

James Butler: *I'm opposed.*

Robert Robertson: *Opposed.*

Christopher Prickett: *Opposed.*

Michael Bell: *If I could, Mr. Chairman...How about this...what if y'all vote today to say that the Pension Board's previous recommendation on contribution changes was that it would be ½% for government and ½% for the employee. When it comes up, and it's going to come up on March 23rd, Ed can stand up and say the Pension Board wants any change to be even-stein, and they'll call me up and say, "Dr. Bell, is the money there for the County side?" And I'll say, "No, it was used to balance the budget back on February 23rd, so, if y'all go forward with this half and half, etc." OK, I can't make any promises, I would recommend at that point that we forestall this until we get past mid-year, and we stay at 9.5 and 4.5. But, you're right, from the microphone, they look up there and someone says, "Well... I want to go...Let's bring everybody even-stein...that kind of thing..." I can't stop them.*

Robert Robertson: *The Board needs to be on record as to the Board's recommendation...*

Michael Bell: *That's what I'm saying – if you vote to do that now, it will be in the Pension Board minutes. Okay?*

Ed Wall: *Mr. Prickett.*

Christopher Prickett: *I just want to go back when we were talking about increasing the contribution. I think everybody on the Board felt like we were going to go up more than ½%, and it was recommended by the CEO, and you, Mr. Bell, that we don't go up at all; that we just...we hold off a year, and we all felt like that would be too much, for the next year...*

Ed Wall: *You're right.*

Christopher Prickett: *So, there was an agreement between the CEO, standing in this room, and us, that we would go up a half of a percent. We felt like both sides needed to up a little more, to soften the blow. Now, it looks to me like, no matter how we got there, the County has backed out of their side of the agreement. We wouldn't even have been talking about an early-out if we weren't going to fund it and be able to carry on what we started. Now, it seems like, we're just getting started approving an early-out. We've got another thing to consider today, and the County's backing out. That's the way I see it.*

Ed Wall: *That's a great summation of it, too.*

Christopher Prickett: *So, if we're not going to get the County to step up to the plate and do what they said they were going to do initially, what are we going to do next year, and the following year?*

Ed Wall: *Next year, you're going to have to go up with the minimum of the State funding...*

Christopher Prickett: *It makes me believe that everything we've put in place and voted on so far may be all borne by the employees and retirees versus the County stepping up and doing their share. That's what it's beginning to look like. I don't think that was the intent, but that's beginning to see what it looks like. And, then we've got... it doesn't matter if it's one Commissioner today; it may be all of them next week. They might come back and say, "Well, hey, we did that. We did the early-out, and now we've got to pay for it. We're going to go to even-steven." This Pension Board would have never recommended an early-out window, for anybody, if we had thought it was going to go like that.*

Ed Wall: *All right.*

Christopher Prickett: *Now, I want that to be on the record, because we wouldn't have done it. The early-out window wasn't for the pension. It wasn't for the retirees. It was for the County.*

Ed Wall: *Yes, sir. That's correct.*

Christopher Prickett: *It was to prevent us from having a large RIF.*

Michael Bell: *That's correct.*

Christopher Prickett: *So, now, I think that information needs to back to whoever wants to change it. And say, "No, we need to go back and step back up to the plate."*

Ed Wall: *Mr. Robertson?*

Robert Robertson: *To go along with that, just as a point of clarity, our minutes are very good, what staff is doing taking our minutes. This discussion, I would like to make sure we instruct the Clerk to put in the minutes this discussion that we're having as close to verbatim as possible, even though it may be a lot more work, because this needs to be locked in. So we can come back.*

Christopher Prickett: *I'm not aware of the County getting the phone calls; I'm sure they are getting a lot. But, as representatives, we don't stop fielding phone calls. And, when you're a firefighter, you get them 24/7, because people call when it's on their minds, and they work 24-hour shifts. And they think if they're at work, you're at work. We've been inundated – we knew we would be – but every time there's an argument, or a discussion*

about something... changes... everybody gets a little bit more scared.

Ed Wall: *All right, I agree. So ordered. Make sure you put them down verbatim. Now, before I leave this agenda item –*

Michael Bell: *He said, “As much as possible, verbatim.”*

Ed Wall: *Yes, sir, he did. So... I want to recommend that we go up on the contributions. Y'all voted it down. Is there some way I can word it to get your support? Can somebody help me? Because... we've got to go up on the contributions. Next year, (the problem worsens).*

Christopher Prickett: *Well, every time we talk about wording something in a way to get what we want, we turn to Michelle and Michelle gives us her opinion. How about if Michelle gives us something that would work? She knows what we want to do. Give us some verbiage that we could approve, and we'll go forward on it. If not, I don't see us moving on this.*

Ed Wall: *Do you have a copy of the home rule ordinance for the contribution increase?*

Michelle Thomas: *I don't have it with me, but I do know what it says.*

Ed Wall: *Can you get us one? Because we're going to be here all day. It's an advertised meeting. So...*

Robert Robertson: *Let's table this for right now...*

Ed Wall: *Right, and bring it back up...*

Robert Robertson: *And get our attorney to go do whatever she's got to do to get this together, so we can vote on it before the close of business.*

Ed Wall: *Right, and you can just bring it back to us...*

Michelle Thomas: *What do you want a copy of? What, regarding...?*

Robert Robertson: *The changes.*

Michael Bell: *OK, you can change it before we advertise. But, if you change it anywhere near the 10th of March, and the ad changes, you could knock us off schedule.*

Robert Robertson: *I'm talking about today. I'm talking about getting it done today.*

Michael Bell: *I got you. OK.*

Michelle Thomas: *I'll be right back.*

Ed Wall mentioned the BOC reviewed two other ordinances: the Pension Board Chairman's presenting items before the BOC and the Travel and Expense Reimbursement Policy. He believes he would receive an approval for the Chairman's presenting items before the Board, but the BOC wants specifics regarding the Travel and Expense Reimbursement Policy. Robert Robertson suggested the Board provide specific dollar amounts of spending for training and education and that the State of Florida requires 30-40 hours of training per year to be a certified trustee of any pension plan. He then asked about the discretion of the Pension Board to spend money. Paul Wright stated that he has continued the tradition of previous administrators, which was to pay the bills of the Pension Board in a timely manner, then have those bills approved after payment. James Butler thought the intent of the ordinance was for new Pension Board members to receive training on what their responsibilities are to the pension plan and in-house training was suggested. Michael Bell then stated that the Code has specific prohibitions to travel by Pension Board members and that is why the ordinance was created.

The Board then discussed the 45 & 10 early retirement incentive program and contribution projections by The Segal Company. Rocky Joyner discussed a few exhibits showing the effect on the County workforce before adding the 45 & 10 options. Including this option would increase the eligible retirees from 1,217 to 1,823. Rocky stated that they do not believe that the "take rate" will be the same for this group as for the other group, simply because the benefits are not as great. The total increase in the unfunded actuarial accrued liability (UAAL) would be about \$30 million if 50% of eligible participants take the window, before adding the 45 & 10 option. Mr. Joyner then said if the plan adds the 45 & 10 option, using a 25% take rate, the fund would incur an additional \$10 million to the UAAL, to about \$40 million total. A window for shorter-service employees is more expensive than for longer-service employees because they have longer to draw on the benefit. Mr. Joyner also stated that the annual required contribution for the County would increase an additional \$300,000 for a total of \$400,000. Ed Wall pointed out that payroll would drop from \$333 million to \$285 million, which is approximately a \$10 million dollar savings to the County as compared to Segal's last projection, but the savings is illusionary and Mr. Barker explained why.

Keith Barker stated there are a lot of "moving parts" to the budget. He stated it is very difficult to re-engineer the government with a second early retirement window looming. He went on to state that once he understands who will be retiring after April 16, he can make some changes, such as a RIF, elimination of positions, re-classification of positions, etc. He suggested that since the County has a plan in place and believes that it will help the County meet its target, leave it be for now and give the current plan time to work itself out, then see what adjustments need to be made. It may be better to consider a RIF versus offering another early retirement incentive.

Ed Wall stated that the 45 & 10 originally was proposed to the Board by the BOC, not the administration. The administration had asked the Board not to approve it, as a recommendation to the BOC. Dr. Bell indicated that there is a health care component to

consider when including a 45 & 10 option. At that age, a lot of early retirees would still have children living at home; thus, the liability would be greater because the health care benefit would cover the children for many years and the employees for their lifetimes.

Robert Robertson said that he had been asking for a COLA for retirees. The pension fund has averaged a 3% COLA every three years. He stated that with the additional retirees, it will be more costly to receive a COLA. He went on to reiterate that he will have been retired four years on June 1 and has not received any increase; yet, his insurance premiums have increased over 90%. The Board must find a way to help the retirees. Ed Wall stated that he doesn't see any need to go on record about the 45 & 10 because the administration did not ask for it. Robert Robertson reminded Ed Wall that there is a motion on the table; therefore, the issue is non-debatable. Robert Robertson motioned, James Butler seconded, and the Board agreed to table the discussion.

Ed Wall briefly mentioned the Home Rule Ordinance the Law Department completed concerning increasing the contribution rates. Robert Robertson suggested that if the employees have to increase their contributions, the County should increase theirs equally. Ed Wall stated that it could be recommended, but the Board could not bind the County. Christopher Prickett suggested that the County should pay more into the Fund if the employee is paying more. Rocky advised that the County and employees are not required to increase the contributions to the plan, that the Plan has sufficient funding through 2010. The following year is when contribution rates would have to be increased. James Butler stated he did not want to make a recommendation to increase the employee contribution rate without binding the County to increase its rate proportionately. Ed Wall thought that it was unfair for the County to have savings on employee payroll, yet the contribution rates go up for the employees. Dr. Bell stated it was not unfair because of the promotional opportunities available to employees after retirees vacate their positions, simply because the County needs certain positions filled in order to run. Ed Wall asked the Board to vote on raising the contribution rates ½% and advised that the BOC can do what they want with the contribution rates. He will ask that the BOC increase their portion, along with the employees, so that the remaining employees do not have to pay for those that are retiring early. Christopher Prickett stated he would recommend a ½% increase only if it could be guaranteed that the County would increase their rate accordingly. The board could not come to an agreement and moved forward to the next item.

The Board then discussed the hiring of new lawyers for the pension plan. Richard Arenburg & Ed Emerson of Bryan Cave LLP gave a presentation. Bryan Cave is a national firm based in St. Louis, Missouri, and the benefits practice is a significant part of their firm. Richard Arenburg stated they have 40 professionals that perform duties for their benefits practice and eight lawyers are based in the Atlanta area. Their firm represents both private and public entities and is currently providing service for Fulton County's DC plan, Gwinnett County's benefit plans, and Clayton County's pension plan for 20 years.

Nathan Lewis of Security Capital Brokerage (SCB) gave a presentation on commission recapture. Security Capital Brokerage is an investment advisory firm. The Domestic Equity Recapture program covers 72% of the county's gross commissions and so far, 31%

of all trades are going to LJR, which is the plan's commission broker. Mr. Lewis advised if the fund were to increase its commissions through LJR by 2%, the fund would recapture an additional \$10,000 in revenue, and another \$28,000 if it were increased by 5%. His recommendation to the Board is to encourage the managers to use LJR to execute trades and to reduce the number of brokers the managers are using to execute trades. Currently, the plan's money managers execute their trades through more than 120 brokers. Ed Wall suggested that Mr. Lewis work with Robert Robertson to reduce the list of brokers that managers are executing trades through and to include SCB as one of the brokers on the list.

The Board then discussed the designation of money managers to distribute April 2010 - June 2010 benefit payments. Christopher Prickett mentioned to the Board members their previous conference call to terminate the relationship with Profit Investment Management. Ed Wall motioned, James Butler seconded, and the Board approved terminating Profit Investment Management to use their funds to pay benefits from May through August. Robert Robertson abstained from the vote, due to a previous relationship with Profit.

Robert Robertson, Christopher Prickett seconded, and the Board approved entering into Executive Session to discuss personnel matters.

The Board resumed the meeting with interviews of investment money managers needed to replace Mazama Capital Management and GMO.

Andrew B. Bennett and Leigh Anne Yoo of Frontier Capital Management gave a presentation. They are a small-cap domestic equity manager based in Boston, MA.

Ron Pond & Bert Boxon from Eagle Asset Management, a small-cap domestic equity manager based in New York, gave a presentation.

Thomas J. Pence and Ann Larson of Wells Capital Management gave a presentation. They are a small cap growth equity firm from Wisconsin.

Robert Robertson and Christopher Prickett did not recommend Eagle because they did not have a replacement for the CEO if he were to leave the firm. Mr. Robertson also suggested Wells Capital Management's fees are the highest, they have a higher turnover, and they have been losing clients. Ed Wall advised that Frontier has the highest returns. Christopher Prickett made a motion to hire Frontier, Robert Robertson seconded, and the Board approved.

Robert Robertson had to adjourn the meeting to catch a flight, thereby leaving the Board without a quorum.

The remaining Board members resumed the meeting with interviews of the international equity managers.

Christopher Newman, Raymond Mills, and Jason White of T. Rowe Price gave a presentation. T. Rowe Price manages over \$55 billion of assets, \$3 billion of which are

non-U.S. funds. They use a bottom-up approach to investing, using fundamental research to justify value of corporations. Five to ten percent of their investments are in emerging markets.

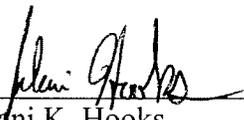
Denis Rivest and Robert Brunelle of Hexavest gave a presentation. They are an international equity manager based in Canada. They are currently holding \$1.85 billion in assets and use a top-down approach to investing. They have been in business for over six years and are independently owned. Their firm currently beats their benchmark by 3%.

James Butler exited the meeting at this time.

David Gallagher of Baring Asset Management gave a presentation. The investment philosophy used is a top-down and bottom-up approach. They have global sector teams that analyze companies to determine stock selections.

Ed Wall stated he did not like the way Baring Asset Management scored their analyst to determine performance. Chris Prickett did not understand how Hexavest has long-term numbers with short-term results. Mr. Wall and Mr. Prickett agreed to narrow down the investment manager search by eliminating Baring. Mr. Wall asked Paul Troup of Callan about the remaining managers and asked which manager is least like GMO. Mr. Troup advised that GMO is a value manager, and T. Rowe Price is a growth manager and is further away from GMO. Ed and Chris stated they both like T. Rowe Price and will discuss their findings with the other Board members.

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



Jelani K. Hooks

Clerk, The Pension Board of DeKalb County