

MINUTES

DEKALB COUNTY PENSION BOARD

May 26, 2010

The DeKalb County Pension Board held a meeting on May 26, 2010 in the Board of Commissioners Conference Room. The following members were present: James Butler, Joel Gottlieb, Christopher Prickett, Robert Robertson, Bemetra Simmons, Joe Stone, Ed Wall, and Gale Walldorff. Others present: Paul Troup and Gwelda Swilley-Burke of Callan Associates, Jeff Johnson of The Segal Company, Nathan Fowler, Jelani Hooks, Larry Jacobs, Louis McGregor, Edmond Richardson, Michelle Thomas, and Paul Wright.

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

Ed Wall then introduced the new Board members, Bemetra Simmons and Gale Walldorff. Mr. Wall then administered the Oath of Office to both members.

Robert Robertson motioned, Christopher Prickett seconded, and the Board approved the amended minutes of the May 8, 2009 Pension Board meeting.

Ed Wall motioned, Christopher Prickett seconded, and the Board approved the minutes of the March 4, 2010 Pension Board meeting. Robert Robertson abstained from the vote.

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

Vendor	Service	Period	Amount
Advent Capital Management	Investment Management	1/1/10 - 3/31/10	\$58,541.85
Callan Associates	Investment Consulting	1/1/10 - 3/31/10	\$13,750.00
Crawford Investment Counsel	Investment Management	4/1/10 - 6/30/10	\$16,595.62
Decatur Capital Management	Investment Management	1/1/10 - 3/31/10	\$8,232.27
DeKalb County Finance Department	Pension Administration Expenses	1/1/10 - 3/31/10	\$106,315.02
Denver Investments	Investment Management	1/1/10 - 3/31/10	\$27,910.21
Earnest Partners	Investment Management	1/1/10 - 3/31/10	\$85,209.00
The Edgar Lomax Company	Investment Management	1/1/10 - 3/31/10	\$29,848.92
Gwynn, Matthews W., M.D.	Disability Examination	March 10, 2010	\$500.00
Kiley, James D., M.D.	Disability Examination	April 12, 2010	\$350.00
Mazama Capital Management	Investment Management	1/1/10 - 3/31/10	\$71,457.10
Montag & Caldwell	Investment Management	1/1/10 - 3/31/10	\$108,913.66
Profit Investment Management	Investment Management	1/1/10 - 3/31/10	\$19,102.94
State Street Corporation	Custodial Supervision	10/01/09 - 3/31/10	\$66,366.65
The Segal Company	Consulting Services	12/1/09 - 2/28/10	\$8,375.00
The Segal Company	Special consulting	7/1/09 - 10/31/09	\$17,588.50
The Segal Company	Special consulting	11/1/09 - 1/31/10	\$75,945.00

Paul Troup of Callan Associates introduced a new member to their team, Gwelda Swilley-Burke, and reviewed the 4th quarter 2009 investment results. Mr. Troup explained that there are three items that affect the investment performance of the pension fund, which are

the policies that govern the fund, the investment strategies of the money managers, and the investment environment. Mr. Troup advised that the County ordinances prohibit money managers from investing in certain securities that may limit the potential return the fund could earn, and that Callan will work with the Board's lawyers to define those parameters. The overall performance of the fund was very positive. The S&P 500 stock index had a return of 5.4%, and 68% of actively managed portfolios had better results for the 1st quarter of 2010. The fund's value managers had better results than growth stock managers, and small cap managers performed better than large cap. Non-U.S. investing returned 87 basis points for the quarter, due to a stronger dollar. Fixed income did not fare as well, and the Barclay's Capital Aggregate Bond index was outperformed 63% of actively managed portfolios.

DeKalb County's Pension Fund has had a return of 39% over the last 12 months, placing the fund in the top 10% of public funds. Over the last five years the fund has gained 4.15% per year, which is less than the actuarial interest assumption. This means that the plan's liabilities are growing faster than its assets. Over the last decade, the fund is earning 3.48% per year for equity investments and is in the top 14% of all fixed income portfolios.

The Board then listened to three attorney presentations.

Sandra and Laura Stein of Robbins Geller Rudman & Dowd LLP gave a presentation. They are a securities class action litigation firm that monitors the companies the money managers invest in and holds them accountable for securities fraud. They provide a cost-free monitoring service and work with the custodial bank to analyze historical trade data to uncover fraudulent activity. They have 35 individuals assigned to the monitoring program, 200 lawyers, and a support staff of 350 employees. The firm manages over 600 funds and recovers on average 50 basis points per year on a billion dollar pension fund.

Patricia Keesler of The Benefits Law Group gave a presentation. Ms. Keesler advised she has been practicing employee benefits law for 30 years and started practicing law for the IRS by writing regulations. The Benefits Law Group has been in business for 13 years and has a staff of three experienced lawyers who work with DB, DC, and H&W plans. Ms. Keesler stated she has extensive experience with governmental plans, and her current clients consist of Fulton County and 25 state plans, including ERS and TRS.

Helen Cleveland of Cleveland Gamble Gilbreath gave a presentation. Helen advised she has 38 years of Defined Benefit experience, and 34 of those years have been as a lawyer. She has represented many governmental plans; her current client base consists of Clayton County, Fulton County, Atlanta Police, and the City of Decatur. She just started a new firm and has two people on her staff.

Jeff Johnson of The Segal Company reviewed the Early Retirement Incentive results. Segal predicted that 50% of eligible employees would take advantage of the early retirement window, but approximately 70% took advantage of it. The County's annual required contribution (ARC) rate would more than likely increase due the higher take rate; however, the direct payroll savings will offset the additional contribution that will have to be made to

the plan. Ed Wall requested from Segal data related to the County's required contribution rate and the corresponding employees' rate; Mr. Wall will present this information to the Board of Commissioners. Mr. Johnson advised the numbers that Segal originally provided will not change much because it takes time to recognize investment losses, and the 2011 ARC is going to be around 16%. Ed Wall mentioned the County's intention to rehire 400 of the 800 that took the early retirement incentive and feared that rehiring would drive the ARC even higher.

Robert Robertson motioned, Christopher Prickett seconded, and the Board entered Executive Session to discuss litigation.

Robert Robertson motioned, Christopher Prickett seconded, and the Board approved hiring Patricia Keesler as DeKalb County Pension Plan's new attorney.

Robert Robertson motioned, Christopher Prickett seconded, and the Board approved hiring of Robbins Geller Rudman & Dowd LLP to serve as an additional litigation law firm.

Robert Robertson motioned, Christopher Prickett 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:

- Deletheo Hutchinson, an employee of Sanitation
- Carol Jennings, an employee of Superior Court
- Ishmael Leonard, an employee of Sanitation
- Charles Pope, Jr., an employee of Library Services

James Butler motioned, Christopher Prickett seconded, and the Board approved a request from Lorie Burnett, an employee of Community Development, to pay contributions for employment on leave without pay, so as to receive accredited service for the employment.

Christopher Prickett motioned, Bemetra Simmons seconded, and the Board approved a one-year disability pension for Michael Rudell.

James Butler motioned, Christopher Prickett seconded, and the Board approved a one-year disability pension for Joseph Woodson.

The Board then discussed the annual budget for 2010. Christopher Prickett was pleased with the initial development of the budget but stated the Board of Commissioners would need more detail before they would make a decision on home rule ordinances presented by the Pension Board. Joel Gottlieb said that there is a State-mandated chart of accounts, which require the budget to be set up the way it was presented. Mr. Prickett requested that the Pension Administrator keep working on the budget to provide line items of expenses. Christopher Prickett motioned, Ed Wall seconded, and the Board approved a request for a more detailed report.

The Board then discussed the pension estimator. Jelani Hooks stated that the estimator was

designed to be user friendly to the employees and an employee could use a pay stub to generate an estimate. James Butler thought it might be too complicated for some of the employees and asked if it could be simplified. Mr. Hooks stressed the simplicity of the tool and that the estimator provides instruction to the employee on what information to enter. Christopher Prickett stated that it is a very useful tool, and he is glad that we have it. Christopher Prickett motioned, James Butler seconded, and the Board agreed to move forward with the estimator.

Christopher Prickett motioned, James Butler seconded, and the Board agreed to hire T. Rowe Price as an international money manager.

The Board then listened to Edmond Richardson, the assistant to Commissioner Lee May. Mr. Richardson stated that the Commissioners want to give the Administration the ability to hire back retirees on a part-time, as-needed basis. These retirees would be part-time, paid up to 50% of their final salary. Instead of hiring new people, this would allow the Administration to pull from the existing retiree pool. Currently, retirees are allowed to work up to ten calendar days per year or up to \$10,000, whichever comes first. Paul Wright stated that the pension plan would not be affected because these part-time employees would not contribute to the plan, nor would the plan accrue any additional liability.

The Board then welcomed comments from members. James Butler advised he is resigning from the Board since he will no longer be an employee. He will resign effective May 26, 2010 but will serve until an election is held. Christopher Prickett advised he is not resigning and intends to complete his term. Michelle Thomas had concerns with a person who is no longer an employee serving on the Pension Board as the employee representative because such a member is no longer qualified. The code requires the employee representative be an employee to serve on the Board. Mr. Butler also stress that the Board members adhere to the regular Pension Board meeting schedule, so as to more organized and better prepared. The Chairman and other Board members agreed.

Ed Wall thanked Christopher Prickett and James Butler for their service.

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

Jelani K. Hooks
Clerk, The Pension Board of DeKalb County