

Minutes

DeKalb County Pension Board

October 3, 2019

The DeKalb County Pension Board met on October 3, 2019 in the Board of Commissioners Conference Room. The following members were present: James Hendrix, David Littlefield, John McMullan, Benita Ransom, Robert Robertson (via phone conference), D'Lisa Stevens, and Edmund Wall. Others present: Weston Lewis, Todd Carabasi, and Brad Penter of Callan LLC; Terri Taylor of Benefits Law Group; Steve Chiles of State Street; Larry Jacobs; Kenny Pinkerton; and Paul Wright.

Ed Wall called the meeting to order. Eric Hendrix motioned, David Littlefield seconded, and the Board approved the August 1, 2019 minutes.

Mr. Hendrix motioned, John McMullan seconded, and the Board approved payment of the following invoices.

Vendor	Service	Period	Amount
Advent Capital	Investment Management	2Q 2019	\$82,478.03
Edgar Lomax Company	Investment Management	2Q 2019	47,163.47
Gabelli Asset Management	Investment Management	2Q 2019	168,654.00
Income Research + Mgt.	Investment Management	2Q 2019	43,051.29
Segal Bryant & Hamill	Investment Management	2Q 2019	81,584.42
		Subtotal	\$422,931.21
ASM Consulting	Website Maintenance	August 2019	\$900.00
Benefits Law Group	Legal Consulting	July 2019	2,175.00
Benefits Law Group	Legal Consulting	August 2019	1,500.00
Lawrence Bircoll, M.D.	Disability Examination	August 2019	2,000.00
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Brandon Dawkins, M.D.	Disability Examination	September 2019	1,500.00
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Pension Benefit Information	Death Audit Search	June 2019-May 2020	368.00
Segal Consulting	Actuarial Consulting	August 2019	8,375.00
State Street	Custodial Services	1Q 2019	39,000.72
		Subtotal	\$59,318.72
Total			\$482,249.93

Steve Chiles provided a summary of the meeting with Kenny Pinkerton and Bob Killorin on October 2, 2019. The meeting's purpose was to train and review the online capabilities of the State Street portal, with the goal of the county becoming more self-sufficient in gathering information about the plan's assets. Mr. Chiles explained that the 32-year maturity rate listed in the audit report for short-term cash investments is simply a default date needed by system, typically far out into the future. The security never matures and is immaterial to the earnings of the asset. Mr. Chiles also reported

that the earlier pricing problem with Advent has been resolved. He discussed State Street's services for monitoring asset litigation. State Street has a department devoted to the activity of fund monitoring and reviewing claims. State Street will determine eligibility for claims and, if eligible, completes all necessary paperwork and filings needed for the award and notifies the claim administrator. The process is monitored through each step until the award is provided to the client's fund. Robert Robertson inquired about the proxy votes and how the Board could see the voting records. Mr. Chiles replied that State Street does make the proxy votes under the direction of the fund manager or plan sponsor. He will provide a follow up on how the voting records can be viewed.

Brad Penter provided a summary of the capital marketplace. Performance was down in August but rallied during September. The main market drivers continue to center around interest rates and the trade wars with China, both of which have created a lot of uncertainty and volatility. In August, the Russell 3000 was down 2% and international markets dropped 3% as measured by the MSCI Index while bonds rallied significantly as interest rates were lowered. Value stocks had a strong September but should not necessarily be taken as the start of a trend. Mr. Littlefield inquired about Callan's method of determining value stocks versus growth stocks. Weston Lewis responded that Callan looks to the index providers for making this determination. Russell defines these indices as the ratio of price to earnings and price to book value.

Todd Carabasi provided a summary of the portfolio returns. As of August 31, the portfolio has a balance of \$1.3 billion. In August, the fund was down 2.2%, but for the year the fund is up 12.4%, still a strong year. The returns for September are positive and will be reflected when the 3rd quarter results are finalized. Mr. Wall noted that the fund's total annual return for 10 years is 9.58% and approximately 9.28% after reflecting management fees. Mr. Wall requested an analysis of the effect Southeastern has had on the portfolio for review in the upcoming Investment Committee meeting. Mr. Robertson commented that for every one percent differential that Southeastern's performance lags behind the other money managers it is costing the fund \$1.3 million. He requested a peer group analysis of these results as well. The Board also asked that Callan provide information on the succession plan at Gabelli. Kenny Pinkerton will set up a date for the Investment Committee to meet prior to the November Board meeting. Callan plans to present the asset liability study at the November Board meeting.

Mr. Hendrix motioned, Mr. McMullen seconded, and the Board approved drawdown amounts of \$7.9 million from Ivy (to eliminate all Ivy assets) and \$7.1 million from Southeastern to supplement the October-November 2019 benefit payments.

Mr. Pinkerton will provide a summary of members' continuing education hours to the Board at the November meeting.

Mr. Hendrix motioned, Mr. McMullen seconded, and the Board approved the service buyback application for Mr. Clashawn Grant, a Property Appraisal employee.

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Mr. Hendrix motioned, Mr. McMullen seconded, and the Board approved the service purchase application for Mr. Adrian Williams, a Police Services employee.

Retiree David Holcombe inquired about a letter sent to the DeKalb Board of Commissioners requesting an annual 1% COLA for retirees. Mr. Wall responded that the letter was received by the commissioners and will be considered during the 2020 budget process. Mr. Pinkerton will provide a copy of the letter to the Mr. Holcombe.

Mr. Robertson commented that the International Association of Firefighters introduced a bill in Congress to lower the Medicare eligibility age for public safety personnel from age 65 to age 50.

Mr. McMullen motioned, Mr. Littlefield seconded, and the Board moved to executive session to discuss litigation matters and disability applications.

Upon returning from executive session, Mr. McMullen motioned, Mr. Hendrix seconded, and the Board approved the application to serve as lead plaintiff against 2U, Inc.

Mr. Hendrix motioned, Ms. D’Lisa Stevens seconded, and the Board approved the 12-month disability application for Ms. Marian Eisenberg.

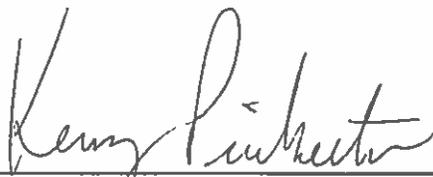
Mr. Hendrix motioned, Ms. D’Lisa Stevens seconded, and the Board deferred the disability application for Ms. Tonaya Moss to the November 2019 Board meeting.

Mr. Hendrix motioned, Mr. McMullen seconded, and the Board deferred the disability reevaluation application for Mr. Antwan Jackson to the November 2019 Board meeting.

Mr. Wall reported that Ms. Terri Taylor is the new owner of the Benefits Law Group and that she will serve as attorney for the Pension Board.

Mr. Larry Jacobs asked the Board’s permission to seek quotes from a physician’s referral service to assist with finding doctors for disability applications. Mr. Wall approved the request.

With no further business the Board adjourned the meeting.



Kenny Pinkerton
Clerk, The DeKalb County Pension Board