

## **Minutes**

### **DeKalb County Pension Board**

**July 8, 2021**

The DeKalb County Pension Board met on July 8, 2021 at the Hampton Inn Hotel in Decatur, Georgia and through a Zoom teleconference session. The following members were present: David Littlefield, John McMullan, Robert Robertson, D'Lisa Stevens, and Edmund Wall. Others present: Robert Burrell of Segal Consulting; Ginny Harris of Nichols, Cauley, & Associates, LLC; Weston Lewis and Brad Penter of Callan LLC; Terri Taylor of Benefits Law Group; Bob Killorin of Faruqi & Faruqi, LLP; Bob Atkins; Larry Jacobs; Kenny Pinkerton; and Paul Wright.

Ed Wall called the meeting to order.

Ginny Harris provided a summary of the 2020 Pension Audit report. The report states a clean, unmodified opinion and fairly represents the fiduciary position of the plan as of December 31, 2020. The total net position at year end was \$1.65 billion, which includes assets of \$1.657 billion and liabilities of \$7 million. The increase in net position was \$178 million, which includes \$337 million of additions and \$159 million of deductions. The net investment gain for the year was \$240 million, with a Money-Weighted Rate of Return of 17.08%. County contributions were \$68 million, employee contributions were \$28 million, and benefit payments and refunds were \$159 million. Mr. Wall pointed out that the shortfall difference between total contributions and deductions is \$62 million, indicating this amount comes from investment asset drawdowns.

The net pension liability is \$845 million, including \$2.5 billion in net pension liability and \$1.65 billion in net fiduciary position, resulting in a 66% ratio of liability to assets. Robert Burrell indicated this ratio is different from the actuarial funded ratio primarily due to timing differences. Ms. Harris pointed to the historical schedules of changes in liabilities which reflected a decrease of \$95 million in net pension liability from 2019. She also noted that the county contributed \$1.8 million more to the plan than the recommended actuarial contribution. Mr. Wall commented that the increase in county contributions since 2018 is primarily a result of changing the discount rate to 6.75% from 7.50%. Ms. Harris stated that there were no material weaknesses or deficiencies found in reviewing the internal controls of administering the plan.

John McMullan motioned, David Littlefield seconded, and the Board approved the May 13, 2021 minutes.

Robert Robertson motioned, D'Lisa Stevens seconded, and the Board approved the June 17, 2021 minutes.

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Mr. McMullan motioned, Mr. Robertson seconded, and the Board approved payment of the following invoices:

Vendor	Service	Period	Amount
Benefits Law Group	Legal Consulting	May 2021	\$3,300.00
Callan LLC	Investment Consulting	2Q 2021	24,000.00
Hampton Inn	Board Meeting	May 2021	589.25
Segal Consulting	Software RFP	2Q 2021	35,000.00
Segal Consulting	Actuarial Services	2Q 2021	8,375.00
<b>Total</b>			<b>\$71,264.25</b>

Brad Penter provided a summary of the market landscape. Second-quarter returns are strong across the board, including fixed income where yields fell slightly. Growth made a comeback in the quarter and outperformed value. Inflation in May is 5% above May 2020, which is skewed due to the low prices at the start of the pandemic last year. Unemployment is 5.8% and there are some 9 million job openings. About 60% of adults have taken at least one vaccination shot, but there continues to be a hesitancy toward receiving a vaccine. Other countries are implementing the vaccine at a slower pace.

Weston Lewis provided an overview of the plan assets through May 31, 2021. The asset allocation for domestic equity is 64%, 4% overweight but within the range of tolerance. He pointed out that there is a 10% allocation target on the small-cap portion of the allocation, and the weight is currently 12.54% and very close to being out of the tolerance range. Domestic equity has performed well year-to-date and only slightly below the benchmark. Gabelli and Frontier have made strong gains in 2021 after struggling much of last year. Fixed income has performed well, primarily due to Advent Capital's performance. Both T. Rowe Price and Marathon exceeded their benchmarks with strong earnings for the year. Mr. Robertson asked about the \$71,000 still in Southeastern. Mr. Lewis indicated that is residual amounts that came through after the termination. Kenny Pinkerton will work with State Street to clean up the small amounts with Southeastern and Montag & Caldwell.

Mr. Wall stated that further discussion on the ESG policy will be deferred to the next meeting.

Mr. Wall reviewed the proposed 2021 pension budget. Mr. Robertson noted that the administration fee of \$530,000 was consistent with the recently passed administration contract. Mr. McMullan motioned, Mr. Robertson seconded, and the Board approved the 2021 pension budget proposal.

Mr. Wall discussed a proposal by Segal to the administration department with the implementation of the pension system from Innovative Software Solutions, Inc. (ISSI). He requested that Segal revise the proposal to include the hourly rates of persons involved with the work. Mr. Wall requested monthly invoices to ensure cost tracking.

Mr. McMullan motioned, Mr. Littlefield seconded, and the Board approved the service request by Segal to assist with the pension system implementation for the next 11 months for a price not to exceed \$100,000.

Mr. Littlefield motioned, Mr. McMullan seconded, and the Board approved a drawdown of \$5 million from Frontier and \$5 million from Earnest Partners for benefit payments in July and August.

Mr. Pinkerton presented an update from the Elections Office describing how they plan to handle absentee ballots for the upcoming Pension Board election on August 10. Mr. Robertson asked about some wording regarding retirees in the summary. Mr. Pinkerton responded that was a typo and would be fixed. He also stated that the Qualifying Period for the election begins on July 12 and those active employees wishing to run in the election must apply with the Elections Office next week.

Mr. Wall reported that all Board members have completed their education requirements by June 30, 2021.

Mr. McMullan motioned, Mr. Littlefield seconded, and the Board approved going to Executive Session for legal matters.

Upon returning from Executive Session, Mr. Robertson motioned, Mr. McMullan seconded, and the Board denied the service purchase application from Mr. Gregg Trieschman, Jr. due to his not applying within six months of being rehired.

Mr. McMullan motioned, Mr. Robertson seconded, and the Board approved a 12-month disability benefit for Mr. Anderson Hood.

With no further business, Mr. Wall adjourned the meeting.



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Kenny Pinkerton  
Clerk, The DeKalb County Pension Board