

Minutes

DeKalb County Pension Board

May 25, 2023

The DeKalb County Pension Board met on May 25, 2023 at the Courtyard Marriott Hotel and via Zoom teleconference. The following members were present: Mike Goff, David Littlefield, Dianne McNabb, Benita Ransom, Robert Robertson, D'Lisa Stevens, and Edmund Wall. Others present: Malichi Waterman of Segal Consulting, Brad Penter of Callan LLC, Terri Taylor of Benefits Law Group, Bob Killorin of Faruqi and Faruqi, Rachelle Christion, Larry Jacobs, Kenny Pinkerton, and Paul Wright.

Ed Wall called the meeting to order. Mr. Wall made some minor edits to the draft of the minutes from the March 9 meeting. Mr. Goff motioned, Mr. Littlefield seconded, and the Board approved the March 9, 2023 minutes. Mr. Wall noted that Mr. Robertson is attending the meeting but will not vote on any items.

Mr. Robertson questioned the County's administration fee, noting that it is higher than one-fourth of the total annual amount in the service agreement. Mr. Wall suggested staff investigate the value of one-fourth the benefits and segregate the increased amount, listing it as normal on the agenda with a footer to disclose the excess amount. Mr. Jacobs requested an amendment to the service agreement, noting fluctuations in quarterly administrative expenses can skew the expense amounts; he will bring a draft of the suggested amendments to the July meeting. The Board approved payment of the following invoices:

Vendor	Service	Period	Amount
Advent Capital Mgt.	Investment Mgt.	1Q 2023	\$89,425.99
Earnest Partners	Investment Mgt.	1Q 2023	125,329.07
The Edgar Lomax Company	Investment Mgt.	1Q 2023	60,260.33
Frontier Capital Mgt.	Investment Mgt.	1Q 2023	167,313.09
GAMCO Asset Mgt.	Investment Mgt.	1Q 2023	113,187.00
Income Research + Mgt.	Investment Mgt.	1Q 2023	46,171.79
Jennison Associates	Investment Mgt.	1Q 2023	143,338.86
Loomis Sayles	Investment Mgt.	1Q 2023	230,190.30
Segall Bryant & Hamill	Investment Mgt.	1Q 2023	72,631.89
		Subtotal	\$1,047,848.32
Todd Antin, M.D.	Disability Evaluation	1Q 2023	\$3,081.25
Benefits Law Group	Legal Consulting	March-April	2,760.00
Brandon Dawkins, M.D.	Disability Evaluation	1Q 2023	1,500.00
Bridgeway Bft. Tech. (ISSI)	Software Support	February 2023	23,833.00
Callan LLC	Investment Consulting	1Q 2023	24,000.00
Courtyard by Marriott	Meeting Facility	May 25, 2023	1,399.46
DeKaib County Finance Dept.	Pension Administration	1Q 2023	133,750.00
DeKalb County Finance Dept.	Additional Expense	1Q 2023	3,425.72
Koenig Law Group	Legal Consulting	March 2023	1,620.00
Segal Consulting	Actuarial Services	1Q 2023	8,375.00
State Street	Custodial Fee	1Q 2023	43,336.73
		Subtotal	\$247,081.16
		Total	\$1,294,929.48

Ms. Jacynth Hall, the widow of Mr. Tony Hall, a now-deceased retiree, spoke to the Board regarding her written request to retroactively change Mr. Hall's election of a single life annuity before his retirement as of January 1, 2019. Mr. and Ms. Hall divorced in 2006, remarried in November 2019, but were not married at his retirement. Mr. Hall died on November 1, 2021. Ms. Hall submitted evidence that purported to assess Mr. Hall's mental capacity at retirement and stated that he was not competent to make a binding pension election at that time and should have been allowed to make a new election after their marriage. Ms. Hall claims that the Board violated Section 908 of the Pension Code by not permitting Mr. Hall to change his form of benefit before his death. Mr. Wright replied that Section 908 defines service, salary, eligibility dates, etc. for determining a benefit. The Board noted that the medical statement Ms. Hall submitted was from a doctor who did not examine or treat Mr. Hall before his death and clarified with Ms. Hall that she was not married to Mr. Hall when he retired. Mr. Wall stated that the Board will discuss this in executive session.

Mr. Penter shared the results of the recent Investment Committee meeting, at which they discussed the fund performance in 2022. The fund has no exposure to real estate, and the Board considered investing there. After considering all aspects of the investment, the Committee decided that it is not the best investment vehicle to invest in now. The Committee was concerned with the illiquidity and higher fees of open-end core real estate funds. Statutory limitations on alternative investments were also a consideration for passing on real estate for now.

Mr. Penter then notified the Board that the three-year investment contract with Callan will expire June 30, 2023. The new fee will be \$107,500 yearly. Mr. Wall stated that Ms. Taylor should review the contract before he signs it. Mr. Littlefield motioned, Mr. Goff seconded, and the Board approved the new contract, subject to their attorney's review.

As a result of scoring and tabulating various companies for transition management services, Callan recommends Russell Implementation Solutions to manage the upcoming transition event. The estimated cost will be 3.6 basis points, or approximately \$130,000. Callan's Implementation Solutions Group was impressed with their proposal and the flexibility of solutions they offered. The transition will move a portion of our large cap assets to a passive S&P 500 Index mandate. Mr. Littlefield motioned, Ms. Stevens seconded, and Board approved the decision to hire Russell for moving securities to our new index strategy.

Mr. Penter discussed the 1st quarter market returns, stating that it was a good quarter. Through May 19, the S&P was up 10%, the Russell 2000 was up 1.3%, international was up 11%, and bonds were up around 1.9%. It would be very bad news if the country decides to default on its obligations by not raising the debt ceiling. Congress can extend the deadline to September, they could come to an agreement, or they could prioritize payments. The good news is that Treasury bills are considered the safest asset. The bad news is that the debt is \$30 trillion. Inflation is down to around 5% while unemployment is in the 3%-4% range. The Federal Reserve has said they will keep the interest rate constant, but most people expect a rate hike. A few of the banking institutions have failed, but earnings are solid for most companies.

Mr. Penter explained that the fund has improved, and the assets show this. The total fund is more than \$1.4 billion, as the equity markets did extremely well. The total return was 7.18% for the quarter, ranking in the top 1% of the funds in Callan's database. The three-year return was 13.74%, a good return despite the recent losses. Over the last five years, the fund

returned 6.8%, ranking in the top 30% of all similar funds. Most managers performed well. It was encouraging that the large-cap growth rebounded with a quarterly return exceeding 19%. A bright spot was that small-cap value manager Earnest Partners gained over 5% for the quarter and more than 21% over the last three years. Mr. Penter feels good about where the portfolio is, and there is currently no discussion of any changes. Mr. Wall noted that the fund is earning more than 6.75%, and he hopes the fund will continue to surpass this threshold.

Callan recommends taking \$7 million from Earnest Partners and \$7 million from Frontier to supplement benefit payments. Cash was showing as more than \$22 million on April 30, but Mr. Jacobs shows the current balance was under \$1 million. Mr. Penter pointed out the large cap is a little underweighted, which swayed Callan to use the small cap funds for funding on this round. Mr. Littlefield motioned, Mr. Goff seconded, and the Board approved making a drawdown of \$7 million from Earnest Partners and \$7 million from Frontier.

Mr. Goff asked if Mr. Penter could hold a seminar to help members reach their required continuing education hours before the June 30 deadline. Mr. Penter suggested Callan webinar seminars that Board members could attend, and Mr. Wall requested an Investment Committee meeting to boost members' hours. Mr. Wall reminded members to coordinate the requested credits through him.

Mr. Wall noted that all the participants on the agenda who applied to buy back their previous service are eligible to do so. Mr. Littlefield motioned, Ms. Stevens seconded, and the Board approved these seven employees to repurchase pension service:

- Ronnie Anderson, a Sanitation employee
- Jamarca Davis, a Sanitation employee
- Keyanda Johnson, a Sanitation employee
- Naymon McDaniel, a Watershed employee
- Shepard Orlow, a District Attorney employee
- Tanya Person, a Sanitation employee
- Kate Sandlin, a Public Defender employee

Mr. Robertson reported that the Board sent a second letter to the CEO and the Board of Commissioners requesting consideration of adding a COLA to their mid-year budget. Mr. Wall reported that the Budget Director T.J. Sigler came back and asked him questions about it, which Mr. Wall found as positive. Mr. Jacobs asked the effective date of the proposed COLA, and Mr. Robertson expressed his wishes the raise would be for the full year. He reported that the retirees' buying power is down around 50% due to inflation with only 6% in raises the last 16-17 years, a "pretty dismal" record.

Mr. Wall reminded the Board that Paul Wright's last day is June 30 and asked that Mr. Wright introduce his replacement. Rachele Christian was working for the pension department in Birmingham, Alabama and moved to Atlanta. She and Mr. Pinkerton will have the same title, and Mr. Wright has been training her for the past two months. Ms. Christian mentioned that she likes her role, but there is a lot to learn. Mr. Wall mentioned that Mr. Jacobs requested the Board enter into an hourly rate agreement with Mr. Wright, limited to no more than one day per week. Mr. Robertson noted that his time working with the Board and with Paul has

been a great working relationship. Mr. Wall also expressed his gratitude to Mr. Wright as well, and he will be greatly missed.

Mr. Pinkerton brought up the disability re-evaluation for retiree Paul Williams. The Pension Board's doctor presented a revised medical report with amended language regarding Mr. Williams' ability to work. Mr. Wall indicated that the Board will review Mr. Williams' case in Executive Session.

Mr. Killorin reported that all litigation cases are on track and had nothing else to report.

Mr. Wall reported that the Board will enter Executive Session to review a disability claim and other pension benefit matters. Mr. Littlefield motioned, Ms. Stevens seconded, the Board approved moving to Executive Session.

Upon returning to regular session, Mr. Littlefield motioned, Mr. Goff seconded, and the Board denied Ms. Jacynth Hall's request to change her former husband's retirement election. Mr. Wall asked Mr. Wright to communicate the Board's decision to Ms. Hall.

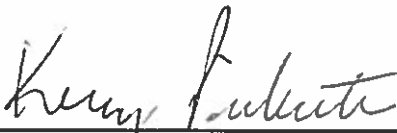
Mr. Goff motioned, Ms. Stevens seconded, and the Board approved another 12-month disability retirement benefit for Mr. Paul Williams.

Mr. Wall suggested that Mr. Pinkerton contact the Board members to find a common date for scheduling the July Board meeting. Mr. Wall suggested that Callan poll the money managers to seek a date for the annual retreat.

Mr. Wall clarified the State of Georgia's rules for Board members who do not attend a meeting in person.

Doug Stratchan, a local retiree affiliated with another organization, expressed his thanks to the Board for being efficient and well organized. He will report his findings on our Board.

With no further business, the Board adjourned the meeting.



Kenny Pinkerton
Clerk, The DeKalb County Pension Board