

Minutes

DeKalb County Pension Board

May 9, 2024

The DeKalb County Pension Board met on May 9, 2024 at the Marriott Hotel in Decatur. The following members were present: Mike Goff, Tracy Hutchinson, David Littlefield, John McMullan, Dianne McNabb, Benita Ransom, Robert Robertson, and Edmund Wall. Others present: Malichi Waterman of Segal Consulting, Brad Penter and Drew Beiger of Callan LLC, Terri Taylor of Benefits Law Group, Bob Killorin of Faruqi and Faruqi, Larry Jacobs, and Kenny Pinkerton.

Mr. Wall called the meeting to order.

Mr. Goff motioned, Mr. McMullan seconded, and the Board approved the minutes from March 14, 2024.

Mr. McMullan motioned, Mr. Goff seconded, and the Board approved the following expenses from the plan:

Vendor	Service	Period	Amount
Advent Capital Mgt.	Investment Mgt.	4Q 2023	\$91,955.37
Earnest Partners	Investment Mgt.	4Q 2023	125,456.21
The Edgar Lomax Company	Investment Mgt.	4Q 2023	64,324.56
Frontier Capital Mgt.	Investment Mgt.	4Q 2023	149,722.19
GAMCO Asset Mgt.	Investment Mgt.	4Q 2023	123,539.00
Income Research + Mgt.	Investment Mgt.	4Q 2023	45,953.50
Jennison Associates	Investment Mgt.	4Q 2023	120,059.15
Loomis Sayles	Investment Mgt.	4Q 2023	159,636.22
Segall Bryant & Hamill	Investment Mgt.	4Q 2023	74,670.02
		Subtotal	\$955,316.22
Benefits Law Group	Legal Consulting	Jan-Feb 2024	\$6,200.00
DeKalb Co. Pension Admin.	Pension Admin.	4Q 2024	130,823.27
Koenig Law Group	Legal Consulting	1Q 2024	10,805.00
Voters Reg. and Elections	Election	1Q 2024	10,867.84
Segal Consulting	Actuarial Consulting	4Q 2023	8,375.00
State Street	Custodial Fee	4Q 2023	39,864.94
		Subtotal	\$206,936.05
Total			\$1,162,252.27

Mr. Penter and Mr. Begner gave the 1st quarter market update and economic outlook.

GDP slowed during the 1st quarter. The Federal Reserve anticipated several interest rate cuts in 2024 but has yet to make any cuts. Fixed income investments performed well in Q1.

The first quarter saw one of its highest gains since the early 1980's. Large cap growth continued to post excellent returns. Investments in semi-conductors contributed to good returns for the Russell 2500 and Russell 2000 funds. Mr. Wall asked what percentage of the S&P 500 are composed of the Magnificent Seven stocks? Mr. Penter stated that probably 20%-30%. The probability of a recession continues to decline.

Mr. Penter did a performance overview of the plan assets. The overweight in U.S. stocks has led to very good returns in domestic equity markets. The plan ranked #3 against all the domestic equity investors. However, the plan ranked 85th for international equity investments. Bonds reflected a ranking of 52nd in the fixed income fund. Mr. Wall stated that our selection of equity managers is working well. Mr. Wall asked if we should rebalance the fund now. Mr. Penter stated that Callan will perform an asset liability study at the end of this year. Callan will include real estate assets in the study. This would take some risk off the table and not lose out on long-term gains. Manager fees are typically higher for investments in real estate.

Mr. Wall asked about the plan's ability to invest in real estate. Terri Taylor will conduct a review of the pension code. Ed Wall asked if real estate was a better investment than fixed income. Mr. Penter expressed that when you are invested in the highest-ranking real estate most of your return comes from the income component. The problem is the appreciation within the properties that has occurred the last couple of years, which has gone down in value. You might receive 5% for real estate income but also a drop in the value of the properties.

Mr. Penter indicated that the plan returned 6.92% during the 1st quarter of the year. The returns by Jennison and Loomis contributed to this gain. The five-year return is 10.05%.

Mr. Wall mentioned that T. Rowe Price was changing their chief investment officer. Callan will monitor the fund to see if their investment style changes. Our plan has about \$100 million under management with T. Rowe Price.

Mr. Waterman said his clients continue to lower their assumed rate of return. Ms. McNabb took a class that showed the average assumed rate of return was 7.0. Our funded status is lower than our peer groups. Mr. Wall said this was due to poor returns in 2001 and lower than normal pension contributions from the County. The 2008 market crash also contributed.

Mr. Penter explained that we are off target in our funding of the plan, suggesting that we have more invested in U.S. Equity than the plan states that we should have and less in bonds. We have flexibility in making adjustments of up to 5% over or under the base targets. Jennison and Loomis have about 4% over their make-up that can be shifted elsewhere to balance out the plan. The bond plans, Segall Bryant and IRM, look a little short of where they should be so we suggest making a distribution out of Jennison and Loomis and moving the funds to Segall Bryant and IRM. We need \$14.5 million for benefit payments so the breakdown would be \$21 million from Jennison and \$21 million for Loomis, pay \$14.5 million for retiree payments, and then \$16.5 million to Segall Bryant, and \$11 million to IRM. Motion by Mr. McMullen, Mr. Goff seconded, and the Board approved the fund transfers.

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Mr. Pinkerton provided the most recent continuing education hours. The CEO will not have to complete his continuing education credits. He is at the end of his term.

Mr. Jacobs provided an update on the proposed retiree COLA. July 1st is the proposed effective date for the 2% across the board COLA.

Mr. Wall briefed the Board on a proposed plan to modify the Group 3 pension benefits. Mr. Wall noted that the \$11 million cost was not included in the 2024 Budget. The law department is reviewing the proposed plan changes. Participants may not opt out of any plan changes.

Mr. Robinson indicated that the Board write a letter to the commissioners requesting the 2% COLA. This was presented as a motion by Mr. Robertson, Mr. Goff seconded, and the Board approved the motion of the letter to the commissioners.

Mr. McMullan motioned, Mr. Goff seconded, and the Board approved the purchase of the following credited service for:

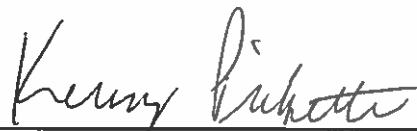
Sheena Joseph, a State Court employee
Faa'izah Muhammad, a Juvenile Court employee
Terry Sheppard, a Watershed employee

Mr. Robertson inquired about the pension administration agreement. Mr. Wall advised that the board would receive a copy of the original signed agreement and the current agreement with amendments.

Mr. McMullen motioned, Mr. Goff seconded, and the Board approved going into Executive Session to discuss the disability request.

Returning from Executive Session, Mr. Wall stated that there was no decision on our disability claim.

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



Kenny Pinkerton
Clerk, The DeKalb County Pension Board