

# Minutes

## DeKalb County Pension Board

November 17, 2022

The DeKalb County Pension Board met on November 17, 2022 via a Zoom session. The following members were present: Michael Goff, David Littlefield, John McMullan, Robert Robertson, D'Lisa Stevens, and Edmund Wall. Others present: Brad Penter of Callan LLC, Terri Taylor of Benefits Law Group, Bob Killorin of Faruqi & Faruqi, Larry Jacobs, and Paul Wright.

Ed Wall called the meeting to order.

Mr. Robertson motioned, Mr. McMullen seconded, and the Board approved the October 13, 2022 minutes.

Mr. Robertson motioned, Mr. Littlefield seconded, and the Board approved the following invoice payments:

Vendor	Service	Period	Amount
Advent Capital Mgt.	Investment Management	3Q 2022	\$91,045.76
Earnest Partners	Investment Management	3Q 2022	122,156.25
The Edgar Lomax Company	Investment Management	3Q 2022	53,973.86
Frontier Capital Mgt.	Investment Management	3Q 2022	155,045.33
GAMCO Asset Mgt.	Investment Management	3Q 2022	93,112.00
Income Research + Mgt.	Investment Management	3Q 2022	45,938.46
Jennison Associates	Investment Management	3Q 2022	141,664.22
Loomis Sayles	Investment Management	3Q 2022	184,594.16
Segall Bryant & Hamill	Investment Management	3Q 2022	70,843.20
		<b>Subtotal</b>	<b>\$958,373.24</b>
Benefits Law Group	Legal Consulting	October 2022	\$1,560.00
DeKalb County Finance Dept.	Pension Administration	3Q 2022	153,645.52
Koenig Law Group	Legal Consulting	September 2022	1,485.00
		<b>Subtotal</b>	<b>\$156,690.52</b>
<b>Total</b>			<b>\$1,115,063.76</b>

Mr. Penter updated the Board on the investment results. Results were down again for the 3<sup>rd</sup> quarter, with the S&P down 5%, Russell 2000 down 2%, internationals down almost 10%, and cash accounts down 5%. The fund saw a sharp rally in October to equity markets while the inflation rate declined slightly. Mr. Wall asked about the possibility of more interest rate increases now that inflation has slowed. Mr. Penter declined this notion and accepted the fact that rates will rise to 4.5%. It could take a decade or so to get the market back to 2-3% inflation and does not

believe the fund is out of the woods just yet. Mr. McMullen asked about bitcoins' influencing the market. Mr. Penter declined that statement overall and said that some bitcoin markets could see a sharp sell-off.

Mr. Wall noted that he learned more about the bitcoin markets by listening to a broadcast about them. He learned that someone in 2008 developed a way to issue 21 million bitcoins, with about 2 million left over. How does anyone know that there are 21 million out there and 2 million left to purchase? Mr. Penter responded that he was unaware of this and mentioned that others came along every day during the run-up. Bitcoin is the oldest and most popular form of cryptocurrency, but that is all under relative terms. There have been others that came along during the past ten years, but he has not seen a good use of it. Mr. Wall reiterated that to understand it is good, and he wanted the Board to understand the use of bitcoins.

Mr. Wall questioned the fund's cash amount, signaling the seemingly high 2%. Mr. Penter countered that the fund outperformed its target in October significantly, so this may not be a problem. The fund dropped 17.98% year-to-date through October but has gained significantly in November. Small cap, cash, and international funds have performed well, but the poor returns from Jennison and Gabelli contributed to the overall loss. Mr. Wall asked about the glaring shortfall from active management. Mr. Penter responded by saying the fund's very light exposure to Apple promoted the poor large cap returns.

Mr. McMullen inquired about the Russell 3000 as the fund's target index, and Mr. Penter indicated that it was down 18.44% through October. Mr. Penter indicated that the fund instead uses the S&P 500 Index and the Russell 2000 index to determine the relative measure of investment returns. Callan is comfortable with the current benchmarks. Mr. Wall asked that Mr. Penter present his thoughts at the next Investment Committee meeting that the Russell 3000 is not the right one to use.

Mr. Wall asked about the passive search and Mr. Penter advised that one will be ready in the next week or so. Mr. Penter will coordinate a meeting with Mr. Wright.

Mr. Penter also announced that Ken Harris of Segal, Bryant, and Hammill is retiring in February and is expected to be replaced by Darren Hewitson. Mr. Wall expressed his desire for everyone to meet him.

Mr. Penter recommended withdrawals of \$4 million from Frontier and \$9 million from Earnest Partners to supplement the October-December 2022 retiree benefit payments. Mr. McMullen motioned, Mr. Littlefield seconded, and the Board approved these withdrawals.

Mr. Wright explained that he and staff are finalizing the payment of the retiree COLA, effective December 1. He is comfortable with the programming and confident there will be no setbacks. Mr. Robertson indicated that the BOC voted to approve the 2% COLA and everyone is happy. He mentioned trying to meet with others and put into place an automatic COLA each year.

Mr. Wall requested that the Board members earn 30 minutes of continuing education for the earlier bitcoin discussion.

Mr. McMullen motioned, Mr. Goff seconded, and the Board approved the schedule for the 2023 Board meetings.

Mr. Littlefield motioned, Ms. Stephens seconded, and the Board approved the service buyback applications from Samuel Battle, a Sanitation employee; Carolyn Maxwell, a Finance employee; and Victoria Quinn, a Sanitation employee.

Mr. Wall indicated that the January meeting will be in person.

There being no further business, the Board adjourned.



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Kenny Pinkerton  
Pension Administrator