

Minutes

DeKalb County Pension Board

March 14, 2024

The DeKalb County Pension Board met on March 14, 2024 at the Marriott Hotel in Decatur. The following members were present: Mike Goff, David Littlefield, John McMullan, Dianne McNabb, Benita Ransom, Robert Robertson, Tracy Hutchinson, 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, Rachelle Christian, and Kenny Pinkerton.

Ed Wall announced the voting rules for the Board. On February 13, the Governor signed into law new rules for open meetings for local government boards. Those who attend via Zoom are counted as being present, and there are no restrictions on their ability to vote.

Mr. Wall called the meeting to order.

Mr. Littlefield motioned, Mr. Goff seconded, and the Board approved the minutes from January 11, 2024.

Mr. Robertson asked about the Voters Registration invoice. Mr. Wall said that it looked high. Mr. Pinkerton will ask VRE to explain the increase. Mr. Littlefield 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. Wall introduced Ms. Tracy Hutchinson as the newest board member and administered the oath of office.

Mr. Robertson asked about the agreement between the Pension Board and the County. Ms. Taylor will distribute the signed agreement to board members.

Mr. Penter provided an update on our investments. He introduced Mr. Drew Beiger as a consultant with Callan who will be involved in our plan going forward. Mr. Penter explained the funds performed well for the year. Last year, the S&P 500 market was up 27%, small-cap markets were up 17%, and the bond market was up 6%. He mentioned the returns of the Magnificent Seven stocks were outstanding, approaching 80% return over the previous year. Mr. Wall reiterated that we pick managers, not their stocks. We give them about three years to make a good return, and if they don't, we bring them in to discuss their performance and fire them if necessary.

Mr. Penter briefly discussed interest rates. He mentioned that interest rates may not go up much more. Mr. Wall commented that rates in 2021 were at 0% and now they are over 5%. Mr. Wall mentioned that the fund was down 16% in 2022 and was up 22% in 2023, and we now have a positive return of 8% in 2024.

Mr. Penter discussed the market returns. The fund finished the year at \$1.6 billion, about a \$100 million gain in the 4th quarter alone. The fund is still off the high market value of \$1.79 billion at the end of 2021. For the final quarter of 2023, the fund earned 10.52% – a very good quarter for the fund. For the year 2023, the fund returned 21.16%, beating the index by over two percent. Eight of 11 managers beat their benchmark for the year.

Mr. Wall indicated that this result was due to the plan's sticking with active management. He asked which investment style was better – active management or passive management. Mr. Penter sees it as a mixed bag. Mr. Wall favors having some exposure to active management. Overall, the plan is performing well but Mr. Wall stated that we are not out of the woods just yet.

Mr. Penter said that the bond market should return 5.25% over the next ten years, based on Callan's new capital market expectations. Equities are expected to earn 7.5% over the next ten years. Mr. Penter believes that now is an easier time to achieve the 6.75% discount rate than before.

Mr. Penter stated that he is in favor of rebalancing the fund. Jennison and Loomis are both overweight in their balances relative to the target. If we rebalance these two funds, then the overall fund has more of a chance of being on target. The plan needs to get back to 25% in bonds and right now it is showing 21.8% in bonds. An Investment Policy meeting will be scheduled in April.

Callan recommended that cash for benefit payments be taken from Jennison and Loomis. Mr. McMullan motioned, Ms. Hutchinson seconded, and the Board approved funding of \$6 million from Jennison and \$6 million from Loomis.

Board members discussed a request to send pension staff to the ISSI Users Conference. Ms. Hutchinson spoke in support of the training conference.

Mr. Robertson motioned, Mr. Goff seconded, and the Board approved paying the conference fee for up to three people to attend the conference. The hotel and travel expenses will be paid by the county.

Mr. Wall discussed the possibility of the pension fund paying the \$270 GAPPT fee.

Mr. McMullan motioned, Ms. Hutchinson seconded, and the Board approved paying the registration fee to GAPPT.

Mr. Wall discussed Callan's proposed Asset Liability Study. The Board has not done a study since 2019. Callan's fee for the study is \$55,000. Mr. Wall explained the potential benefits of such a study. Mr. McMullan motioned, Ms. Hutchinson seconded, and the Board approved the Asset Liability Study by Callan.

Mr. McMullan motioned, Mr. Goff seconded, and Board approved the service repurchase applications from the following rehired employees:

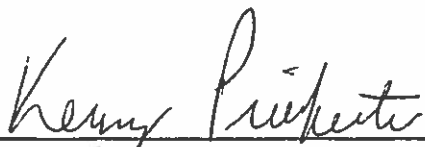
Tyler Mann, District Attorney
Wesiah Poux, State Court
Matthew Robison, Magistrate Court
Corey Whipple, Watershed Management

Mr. Wall briefly described the pension disability policy. At that point, Mr. McMullan motioned, Mr. Robertson seconded, and the Board denied continuing the disability retirement benefit to Mr. Richard Clay.

Mr. McMullan motioned, Mr. Robertson seconded, and the Board denied continuing the disability retirement benefit to Mr. Paul Williams.

Mr. Robertson asked about the status of pending litigation. Mr. Killorin provided a brief update. Mr. Robertson also thanked everyone for being part of this board and will do his best to represent the retirees.

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



Kenny Pinkerton
Clerk, The DeKalb County Pension Board