

Minutes

DeKalb County Pension Board

September 12, 2024

The DeKalb County Pension Board met on September 12, 2024 at the Emory Conference Center in Atlanta. The following members were present: Mike Goff, David Littlefield, Dianne McNabb, Benita Ransom, Robert Robertson, and Edmund Wall. Others present: Malichi Waterman of Segal Consulting, Drew Beiger, Weston Lewis, and Brad Penter of Callan LLC, Terri Taylor of Benefits Law Group, Rachelle Christion, Larry Jacobs, and Kenny Pinkerton.

Mr. Wall called the meeting to order.

Mr. Robertson suggested that certain edits be made to the July meeting minutes. The edits regarding increases in Social Security, the Georgia Fire Fighters pension plan and increases in retiree healthcare were updated in the July meeting minutes.

The following expenses were presented from the plan. Mr. Littlefield motioned, Mr. Goff seconded, and the Board approved these expenses.

Vendor	Service	Period	Amount
Advent Capital Mgt.	Investment Mgt.	2Q 2024	\$98,108.97
Earnest Partners	Investment Mgt.	2Q 2024	130,027.04
The Edgar Lomax Company	Investment Mgt.	2Q 2024	66,823.23
Frontier Capital Mgt.	Investment Mgt.	2Q 2024	170,124.97
GAMCO Asset Mgt.	Investment Mgt.	2Q 2024	127,319.00
Income Research + Mgt.	Investment Mgt.	2Q 2024	48,865.58
Jennison Associates	Investment Mgt.	2Q 2024	119,000.03
Loomis Sayles	Investment Mgt.	2Q 2024	146,509.35
Segall Bryant & Hamill	Investment Mgt.	2Q 2024	76,175.70
		Subtotal	\$982,953.87
Benefits Law Group	Legal Consulting	July/August 2024	\$3,600.00
Caduceus Medicine	Disability Exam	3Q 2024	1,500.00
DeKalb County Pension	Pension Admin	2Q 2024	128,980.55
Digital Express Printing	Custom	2Q 2024	1,802.50
Koenig Law Group	Legal Consulting	2Q 2024	4,200.00
Nichols, Cauley, and Assoc.	Audit Coverage	2Q 2024	19,212.00
Segal Consulting	Actuarial	3Q 2024	8,375.00
State Street	Custodial Fee	2Q 2024	44,510.16
		Subtotal	\$212,180.21
Total			\$1,195,134.08

Mr. Lewis discussed the potential benefits of conducting an Asset/Liability study. The previous study was conducted in 2019. The study could help the board evaluate its own risk tolerance level and could shape investing strategies for the next 3-5 years.

Rick Ford expects the fund to have returns averaging 7.3% over the next 10 years.

Mr. Wall inquired about the current 59% funded ratio reaching full funding in 20 years. Mr. Waterman advised that the current funding methods would achieve that result. He also stated that the first 4% of the funds earnings goes to pay benefits.

Mr. Wall also asked about the probability of the return exceeding 6.75% over 10 years being 54%. Mr. Ford explained that was the expected rate for the whole 10 years, not just one year. He explained that the median funded ratio was 68% and it is trending in the right direction because the unfunded liability continues to decrease. Mr. Wall asked that we continue this discussion at the next investment committee.

Mr. Penter went through the quarter end results as of June 30, 2024. Large cap stocks underperformed, primarily due to not having investments in the Magnificent Seven. Overall, the quarter results were positive with a 8.4% year to date gain. The plans performance, places DeKalb in the top 10% of all public plans. Gabelli and Marathon missed their benchmarks in the third quarter. Inflation was reported as 2.5% for the past year which remains higher than the Fed's 2.0% target.

Mr. Beiger proposed taking \$7 million from the SSGA S&P 500 Flagship Index, \$5 million from Loomis, and \$3 million from Jennison for benefit funding purposes. Mr. Littlefield motioned, Mr. Goff seconded, and the Board approved the transfers.

Mr. Waterman presented the 2023 actuarial valuation. The employer contribution is expected to increase to \$81 million in 2025 vs. \$75 million this year. Mr. Wall asked about the increase. Mr. Waterman said it was due to new participants, higher payroll, and the 2% COLA. The market value of assets increased to \$1.62 billion while the actuarial value of assets increased to \$1.57 billion. The unfunded actuarial accrued liability increased to \$1.14 billion from \$1.11 billion last year. The actuarial funded ratio is now 58% while the market value funded ratio is 60%.

Mr. Wall reviewed the continuing education hours and noted that we have plenty of time to complete the required hours.

Mr. Jacobs presented the COLA changes that are forthcoming on December 1, 2024. He stated that the COLA will provide a 2% increase for each retiree with a minimum monthly increase of \$75 and a maximum monthly increase of \$150. This COLA will only affect retirees who retired prior to January 1, 2018, and is retroactive to July 1, 2024.

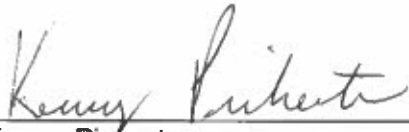
Mr. Robertson asked if we were able to talk to others about their plans and how they administer COLA's. Mr. Wall mentioned that he had discussed the COLA with at least two county commissioners. Mr. Robertson also advocated for an automatic COLA. Mr. Robertson also asked the possibility of moving tier 3 participants to tier 2. Mr. Jacobs told the Board that the latest proposal focused on moving public safety personnel only to the tier 2 pension plan. Mr. Wall stated that Group 3 plan participants is not sufficient to retain employees. Mr. Robertson stated that younger firefighters are staying for the potential of an improved pension plan. Mr. Jacobs also advised that the county is reviewing the cost of offering free healthcare to public safety employees. Mrs. Ransom indicated that HR is looking into restoring the sick leave bonus payout for public safety.

Mr. Wall indicated that we have two security litigation items and two disability applications to discuss in executive session. Mr. Littlefield motioned, Mr. Goff seconded, and the Board approved doing this.

The Pension Board resumed after discussing litigation and disability applications in executive session. Mr. Goff then motioned, and Mr. Robertson seconded a motion to approve a 12-month pension disability benefit for David Knudson.

Mr. Torrance Armstrong was advised that he needs a 3rd opinion letter from a doctor, due to conflicting opinions. Mr. Robertson motioned, Mr. Littlefield seconded, and the Board approved another physician review for pension disability.

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

A handwritten signature in cursive script, reading "Kenny Pinkerton", written in black ink. The signature is positioned above a horizontal line.

Kenny Pinkerton
Clerk, The DeKalb County Pension Board