

**Gwinnett County, Georgia
Retirement Plans Management Committee**

**February 28, 2008 Regular Meeting
Gwinnett County Center, Executive Boardroom**

Minutes

Members Present: Jim Underwood; David Crews, Kenneth Chadwick, Stan Hall, Lisa Johnsa, and Kenneth Poe

Staff Present: Chuck Huckleberry, Roger Pickens, Melinda Wells and Bill Rodenbeck

Chairman Jim Underwood called the meeting to order at 8:05 AM.

Items of Business:

1. *Adoption of Agenda* – Kenneth Poe moved approval of the agenda as presented. The motion was adopted.
2. *Public Comments* – Mr. Tim Jones (Tax Assessors employee) requested that the committee consider adding a total U. S. Stock Market index fund to the DC and 457 plans' investment options.
3. *Approval of Minutes of the November 14, 2007 meeting* -- The minutes were approved as amended following a motion by David Crews.
4. Service Provider renewals (Mr. Hall arrived at this point.)
 - a. With a motion from Kenneth Poe, the RPMC voted 5-0 to approve the annual letter of engagement with Powell Goldstein, LLP for legal services.
 - b. With a motion from Lisa Johnsa, the RPMC voted to approve the first option to renew of the contract with Cavanaugh Macdonald Consulting, LLC for actuarial services.
5. *Executive Summary of the 2007 Investment Performance Reports* –
 - a. The performance of the Defined Benefit Plan investment portfolio was presented by Ms. Dana Sugar of Watson Wyatt. From January 2, 2007 through December 31, 2007 the portfolio had returned 8.1% before fees and 7.6% after fees, and the market value of the portfolio stood at \$495.4 million. Two investment managers failed to meet their benchmarks for the year. In a poor real estate market, INVESCO was near average at the 48th percentile. Independence Investments was well below average at the 73rd percentile. The equity percentage of the plan was 55.9% at book value and the international equity percentage of the plan was 10.8%. Both were below the required maximum percentages of 60% and 15%, respectively. It was determined that pages 18 and 22 of the report needed corrections.
 - b. Melinda Wells reviewed a report from Great-West as to the performances of the Defined Contribution Plan and Deferred Compensation plans'

investment options. Following this discussion, Ms. Johnsa had to leave for another meeting.

6. *Investment Committee Recommendations for Action* – The recommendations were presented by that Committee’s Chairman, Melinda Wells. The RPMC took the following actions:

- a. Following a motion by Stan Hall, the committee voted to approve the Investment Committee’s recommendation to terminate the contract with Independence Investments, LLC and to reallocate the assets under its management to other current investment managers.
- b. David Crews moved for approval that Staff be authorized to engage a Transition Manager for assistance with transition of securities from Independence to other managers. The motion was approved. Watson Wyatt will solicit proposals for this service.
- c. Melinda Wells explained that there had been a change in leadership at Evergreen’s Tattersall Advisory Group subsidiary. All the key professionals at Tattersall have left the company to form their own firm (1607 Capital) that offers the same form of international equities management. The Investment Committee had interviewed representatives of both firms, and it has concerns that Tattersall may not be able to perform adequately with less experienced leaders in charge. Also, significant clients of Tattersall have moved their portfolios to 1607 since its inception last December. With a motion by Kenneth Poe, the RPMC authorized the Investment Committee to monitor the situation and to move the portfolio from Tattersall to 1607 at its discretion.

7. *Discussion – Procedures for Awarding Urgent Contracts* – Following-up on discussions from the previous meeting, Chuck Huckleberry explained that he, Melinda Wells, and Roger Pickens had been reviewing possible recommendations. It had been determined that the trust agreement permitted the Chairman to execute a contract without a vote of the RPMC. However, Staff will attempt to anticipate any possible needs for urgently needed contacts, and ask approval in advance at RPMC meetings.

8. *Update on “Securities Lending”* – Roger Pickens reported that the fund had earned over \$89,000 in 3 months of securities lending by Mellon Bank. Due to the current unsettled economy, instructions had been give recently to Mellon Bank to only accept federal government and agencies securities as collateral for lent securities. This will reduce the earnings, but it avoids a risk of losses that could negate the past earnings.

9. *Report for Audit Committee* – Chuck Huckleberry reported that the Audit Committee had met once to begin the process of the annual audit. The audit of the DB plan is being conducted in conjunction with the County’s annual, independent audit by the firm Mauldin and Jenkins. The audit process is in the very early stages.

10. *Staff Report* -- Roger Pickens gave the committee an update on the following topics:

- Transition of the Fixed Portfolio to ING was completed in December.

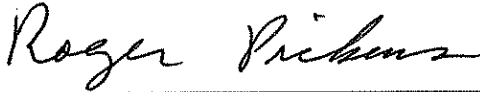
- The RPMC information is now on the County's website and may be accessed through the Internet.
- An intense schedule of information meetings to present "Reality Investing" is scheduled to begin March 17. The meetings will be conducted at various County locations by representatives of Great-West. The committee requested that Great-West's on-site representative, Lionel Zachery, come to the next meeting to present an overview and to also provide a report showing how DC and 457 participants are allocating their investments.

11. The next meeting is scheduled for May 22, 2008.

Preliminary agenda items include:

- Performance Report for the First Quarter of 2008
- Renewal of Contract with Watson Wyatt
- Update on Key Personnel Changes at Evergreen
- Report from the RPMC's Audit Committee
- Report from Great-West
- Report on possibilities of offering a "Total U.S. Stock Market Index Fund" as an option for DB and DC investments

The meeting adjourned at 10:35 AM.



Roger Pickens
Clerk of the RPMC

5/22/2008