

Retirement Plans Management Committee
November 18, 2010
Gwinnett Justice and Administrative Center, Conference Room C

Members Present: James Underwood, Aaron Bovos, Glenn Stephens, Kenneth Poe, Stan Hall

Members Absent: Kenneth Chadwick, David Crews

Staff Present: Bill Rodenbeck, Debbi Davidson, Steve North, and Sue Rooks

Chairman Jim Underwood called the meeting to order at 8:10 AM.

Items of Business:

1. Adoption of Agenda

The Agenda was approved with a vote of 4- 0. (Stan Hall was not present for the vote.)

2. Approval of Minutes August 26, 2010 Regular Meeting

The Minutes for August 26, 2010 were approved with a vote of 4 - 0. (Stan Hall was not present for the vote.)

3. Performance Reports Executive Summaries

Investment Performance Report for the Defined Benefit Plan for the Second Quarter of 2010-The report for the third quarter of 2010 was presented by Mr. Manuel Carvallo of the consulting firm Towers Watson. The plan performance is basically good with managers/segments outperforming benchmarks. The DB plan is ranked relative to other public plans and is in the top quartile relative to peers.

Inflation is lower than the Federal Government's comfort zone. They want to put money back in the market by quantitative easing. The Federal Government is trying to take action today to anticipate tomorrow.

Whether or not banks will lend money to spur the economy is a big concern. Banks are not moving forward with foreclosures due to the number of "unclean" documents. If they can't clear foreclosures from their books, they can't move forward with new lending. Replenishing balance sheets will take a long time.

Fixed Income rates dropped on bonds during the quarter. Georgia law requires investment grade only.

1607 has been short of stellar. It ranks fifth for two years. It invests in closed end funds. ING is performing nicely. Atlanta Capital and Invesco are underperforming their benchmarks for the current year but are outperforming their benchmarks for the three year period.

Asset allocation has slightly detracted from performance. The recommendation is for the County to move slowly within the parameters available.

Fees are very competitive compared to funds with much larger assets.

Defined Contribution and 457 Plans Performance Report- John Reeder of Great West Retirement Services presented the Plan Review for August 2009 through July 2010. Total assets increased by 14.1%. Distributions were high partly due to the increase in retirements and the retirement incentive. Loans under 457 have also increased. The 401(a) and 457(b) plans have had upward movement for the last five years. Allocations are still skewed to fixed but better than most government plans. There was discussion concerning our education focus to motivate employees to be more active participants.

The report on the funds in these plans was presented by Mr. Bill Thornton of Advised Assets Group. The funds available for these plans are solid. The Plan is heavy on the growth side. There was discussion concerning comparing against peers and benchmarks. The Maxim Funds are Great West proprietary funds and they are selecting fund managers. The Investment Committee will consider adding more value options to the investment line up. Mr. Thornton will add a footnote of "return net of fees" on the next quarters report.

4. Investment Committee Report – Steve North, Investment Committee Chair, reported on the actions taken in committee meetings.

- The International Manager search has been put on hold until the ALM Study is complete.
- There was an increase to the Securities Lending cap.
- The committee has met with all of the investment managers.
- The committee should have a recommendation the first quarter of 2011 about offering annuities and glide path options for target funds for the defined contribution plan.

5. **Asset Liability Management Study (ALM)** – The Asset Liability Management Study should be completed by December 6, 2010. The recommendation will be sent to the RPMC for feedback.

Stan Hall joined the meeting at this time.

6. **Past Quarter Education and Participation Information** - Debbi Davidson, Benefits and Retirement Plans Manager, presented the past two quarters education and participation information. First Quarter participation in the Group/Onsite Meetings by Great West were 92 and 96 for the Second Quarter with 385 One on One Meetings First Quarter and 393 in the Second Quarter. There were 2,425 members participating in the DB plan for First Quarter and 2,390 in the Second Quarter. In the DC plan, there were 2,000 members for First Quarter and 2,123 members for Second Quarter with 757 participants in the First Quarter for RMSA and 747 in the Second Quarter. The 457 Deferred Compensation plan had 2,626 members participating in First Quarter and 2,893 in the Second Quarter. Second Quarter resulted in higher participation than First Quarter but participation in Third quarter was lower. Participation in the DC plan will increase as new hires come in. Fred Minot, Great West Representative, conducted 412 one on one meetings. There was discussion on the amount of repeat customers. Fred said the number of repeat customers is very small and normally include employees with questions or follow up on completing forms. Most of his meetings are with new hires and employees with questions.

7. **Review of Policies** – Ed Emerson with Bryan Cave Powell Goldstein said the Investment Policy is in good shape. The purpose of the Investment Committee and the OPEB Trust were added. If needed, an appendix for the OPEB Trust could be added in the future. The following changes were also made:

- Page 5-Investment restrictions according to state law
- Page 9-Additional information on rebalancing process
- Page 10-Investment Managers to vote proxies; Must acknowledge in writing; Added from Trust Agreement
- Page 11-Made adjustments to clear and clean up
- Page 13-Reviewing fees
- Page 14-Added termination

No changes are necessary at this meeting. It is prudent to delay action until ALM study is complete.

There was discussion concerning creating a customized benchmark for all classes. Manuel Carvallo did not recommend a customized benchmark due to the difficulties involved but adding flexibility could be added.

- 8. Fiduciary Training** – There was a motion to defer training since all members were not present. The motion was approved. Ed Emerson suggested including the Investment Committee. The training will be first on the agenda at an upcoming meeting.
- 9. Request for Proposal for Bundled Services** – There was discussion on the process. There was a recommendation to use a consultant to accomplish the process. Staff will prepare a work plan.
- 10. Vendor Renewal-** Bryan Cave Powell Goldstein-Rates have been increased but the retainer has a discounted rate. There was a motion to approve the contract at 2010 rates at existing contract rates. The motion was approved. Bryan Cave Powell Goldstein was unable to commit to the terms without approval.

A motion was made to approve the contract with BNY Mellon. Securities lending fees will increase. The motion was approved.

A motion was made to approve the Power of Attorney requested for Mellon Bank. The motion was approved.

- 11. Staff Reports-** Stan Hall reported that he had received several phones calls from Public safety employees. There is nervous tension and serious mistrust concerning the DB Plan. There have been rumors the DB Plan is coming to an end. There was discussion on the extensive notification process if there was a major change to the plan.

Stan Hall and David Crews' first terms expire 12-31-2010. They will be reappointed.

Paula Sanford from the Carl Vincent Institute was a guest. She is doing case studies on retirement plans.

Public Comments – None

Meeting adjourned at 11:40 am



Debbi Davidson
Clerk of the RPMC