



## **Minutes**

Retirement Pension Committee

February 9, 2012

3:30 P.M.

The Retirement Pension Committee met on February 9, 2012 at 3:30p.m. in the Commissioner's meeting room of the Fayette County Administrative Complex, 140 Stonewall Avenue, Fayetteville, Georgia.

**Committee Present:** Allen McCarty, Commissioner  
Jack Krakeel, County Administrator  
Connie Boehnke, Human Resources Director  
Tony Parrott, Director of Water System  
Wayne Hannah, Sheriff

**Committee Absent:** Allen McCullough, Fire & EMS Director

**Staff Present:** Lewis Patterson, Assistant Human Resources Director  
Lori Smith, Benefits Administrator

**Retirement Representatives Present:**

Jim Fallon, Senior Vice President, Morgan Stanley  
Neal Kaplan, CFA Financial Advisor, Morgan Stanley  
Chad Smith, Business Partner, Morgan Stanley

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**Call to Order** - Commissioner McCarty called the meeting to order.

**Approval of Minutes** - The meeting minutes for 2/9/12 were approved. Connie Boehnke made the motion to adopt the minutes and Wayne Hannah seconded.

**Old Business:**

**Core Bond SAGIC Rate**

Jim Fallon reviewed the Core SAGIC Bond Rate of 4.15% with the committee. This was for the next quarter.

## **New Business:**

### **HEART/WRERA and PPC Amendment – resolution adopted as per IRS regulations.**

Jim Fallon gave clarification to the language of the amendment. He stated that our plans were already in compliance with these amendments. He stated that nothing had to be changed on the forms and this was basically an administrative procedure that the documents needed to be signed as a formality to acknowledge that the county is in compliance.

Jack Krakeel stated that the Board of Commissioners approved the resolutions reflecting both of these amendment issues.

Jim Fallon stated that most of the things being addressed in regards to the amendments are best practices intended to provide the utmost benefits to the employees.

Chad Smith went on to say that the IRS, in the last couple of years, has frequently put out these kinds of amendments that may have a slight variation to regulations and possibly not have anything to do with our plan. For example, there was one amendment that had to do with relief for the victims of Katrina and how the retirement plans dealt with disbursement of funds in an emergency type basis.

## **Investment Performance Review**

Chad Smith reviewed fund investment performance of the plan. He discussed global equity highlights. The market made a slight recovery in the fourth quarter, but there has been continuing concern and fear about the economy with the potential situation in Europe and the overall situation in the US. For the fourth quarter, we saw a rebound across the board in equities and in areas that were of most concern to investors. Much of what has occurred in the fourth quarter was priced into the market and carried over into this year. We have been facing a sluggish economy, yet corporations are doing fairly well with profit margins at near all time highs benefiting from global expansion and productivity enhancements.

From the consulting standpoint to the plan, the focus is on identifying funds making sure that we have the right kind of managers keeping their eyes on the funds.

## **Morgan Stanley Investment 4th Quarter Review 2011**

Neal Kaplan reviewed the 4<sup>th</sup> quarter 2011.

### **Fayette County 401(a) Plan Highlights:**

- The Fayette County 401(a) portfolio rose approximately 5.46% during the quarter ending December 31, 2011. This increase was 8 basis points lower than the benchmarks gain of 5.54% on a weighted average basis over the same period.
- All asset classes posted gains in the fourth quarter.
- For the one year period, the Fayette County 401(a) portfolio rose .84%, or 46 basis points better than the benchmark's rise of 0.38%.

### Fayette County 457(b) Plan Highlights:

- The Fayette County 457(b) portfolio increased approximately 5.63% during the quarter ending December 31, 2011. This gain was 8 basis points lower than the benchmarks gain of 5.71% on a weighted average basis.
- All asset classes posted gains in the fourth quarter.
- During the quarter, the Core Bond SAGIC, asset allocation, fixed income categories and specialty funds outperformed their respective benchmarks, while mid large cap, mid cap, small cap and international/global funds underperformed.
- For the one year period, the Fayette County 457 portfolio rose 0.77%, 28 basis points better than the benchmark's rise of 0.49%.

Neal Kaplan reviewed the following:

- Fayette County Plan Diversification - Current Investment options
- Fayette County Plan Relative Performance
- Fayette County Plan Report Card
- Fayette County Plan Watchlist

There are currently no funds on the Fayette County Watchlist. During the fourth quarter, no actively managed funds posted scores below the level of 6. Following five quarters at level 6 and also underperforming the benchmarks, we present alternatives to the American Fund Growth Fund of America and INVESCO Van Kampen Small Cap Growth, available on the Mass Mutual Platform for consideration by the committee. Supporting documentation and analytical review of these alternatives is provided in the comprehensive 4<sup>th</sup> Quarter Review Book.

Tony Parrott asked if there was a way of telling how many employees are in these funds. His concern was that if it is not on the watchlist, are we doing what is recommended beyond what we usually do.

Jim Fallon stated that this information could be obtained and also that Mass Mutual would keep an eye on these funds. He also stated that the county is meeting their fiduciary responsibilities.

The committee made no recommendation to place these two funds on the watchlist but decided to revisit these funds at the next pension committee meeting.

The next meeting is scheduled for May 10, 2012.

Adjournment

Minutes prepared by Lori Smith,  
Benefits Administrator

The minutes were duly approved at an official meeting of the Retirement Pension Board of Fayette County, Georgia held on \_\_\_\_\_.

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Lori Smith, Benefits Administrator