



Minutes

Retirement Pension Committee

December 8, 2010

3:30 P.M.

The Retirement Pension Committee met on December 8, 2010 at 3:30p.m. in the Commissioner's meeting room of the Fayette County Administrative Complex, 140 Stonewall Avenue, Fayetteville, Georgia.

Committee Present:

Herb Frady, Commissioner
Jack Krakeel, County Administrator
Connie Boehnke, Human Resources Director
Wayne Hannah, Sheriff
Allen McCullough, Fire & EMS Director
Tony Parrott, Director of Water System

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
Kurt Nesheim, Relationship Manager, Mass Mutual

Herb Frady called the meeting to order.

Approval of Minutes - The meeting minutes for 8-26-10 were approved. Herb Frady made the motion to adopt the minutes and Connie Boehnke seconded.

Old Business: IRS Determination Letter

Kurt Nesheim stated that when the original documents were adopted, there were some concerns whether or not the document needed to be restated. Attorney Stuart Baesel did some research and found that this would not have to be done. Mr. Baesel put together a letter (copy attached) to send to the IRS. No further action is required.

New Business:

Kurt Nesheim presented the Strategic Plan Review and Action Plan. The following sections were reviewed:

Executive Summary
Plan Statistics

- Participant Activity
- Participant Information
 - Participant Diversification
 - Plan Balances by Investment
 - Balances by Age
 - Cash Flow Analysis
 - Total Investment Balance
 - Participant demographics reflect participants with active status.
- Service Overview
 - Participant Interactions
 - MassMutual ERISA Advisory Services
 - Includes consulting, testing, compliance, reporting
- Communication and Education
 - Enrollment Communications
 - Enrollment Campaign – Touchpoint 1 & 2
 - Electronic Enhanced Education Experience
 - MassMutual RetireSmart Academy – educational participant website

Connie Boehnke stated that she contacted MassMutual two months ago to ask how we could increase participation in the plan. She stated that once a quarter we will be actively marketing the 457 plan because participation is down.

Jim Fallon stated that he has developed a ticker file to keep up with participants that have delayed getting into the 457 plan and would be contacting them.

Jack Krakeel stated that the educational piece was very important and appreciated the effort that MassMutual was putting forth.

Connie Boehnke stated that the retirement vendors would be participating in the Social Security Retirement Workshop scheduled for February 2011.

Morgan Stanley Investment 3rd Quarter Review 2010

Jim Fallon started by saying that the format of the report is being changed based on feedback from their clients. He stated that the Executive Report information would be sent electronically in the future to save paper.

He reviewed the Economic Highlights in regards to the following points:

- Stock Markets rebounded strongly in the third quarter
- Advance Estimates indicate GDP rose 2.0% in the quarter
- Personal Consumption Expenditures are helping drive economic growth
- Unemployment remains high
- Interest rates remain low

Jim Fallon then reviewed Fayette County Highlights in regards to the following points:

- The 401(a) and 457(b) combined portfolio increased approximately 6.69% during the quarter ending September 30
- The portfolio's fund performance, after expenses, averaged 18 basis points
- All investment categories posted investment gains in the third quarter. Core Bond Sagic, fixed income specialty and international equities sectors outperformed their respective benchmarks during the second quarter.

Neal Kaplan then reviewed the following:

- Fayette County's Plan Diversification
Current investment options
- Fayette County Plan Highlights

Jack Krakeel asked about a guaranteed rate in regards to the Core Bond Sagic fund.

Connie Boehnke stated that we had taken a reduced interest rate on the Core Bond Sagic fund for the first five years of a quarter of a point which fluctuates each quarter. She stated after five years we would get the full amount of 4.25%. She stated that the reason for the reduced rate of 4.1% is because MassMutal paid the penalties for Hartford.

Jack Krakeel stated that he remembered the rate was 4.12% and asked that the plan be reviewed.

Jim Fallon stated that he would go back to the plan and review this and give him a report.

Neal Kaplan resumed his presentation. He went over the following:

- Relative Performance
- Fayette County Report Card – a score 5 or less would place a fund on the watchlist
- Fayette County Watchlist – MassMutual Premier High Yield Fund and T. Rowe Price Global Technology Fund
- Technology Sector Fund Comparison

Allen McCullough expressed concern in regards to Alger Health Services fund and the relative performance over the past. He asked if this fund would be looked at.

Neal Kaplan responded that income from specialty funds have a lot more volatility. They cover small sectors and have a little more leeway and are being watched. We have to decide whether to keep these funds in the plan or remove.

Jim Fallon stated to keep in mind that this is not just one company but a lot of other companies. He also stated that health care reform is also driving up the cost.

Neal Kaplan continued with his presentation:

- Georgia Code

Neal stated that the State of Georgia identifies scrutinized companies where public funds are held with activities in the Iran Petroleum Energy Sector. He has put together sample letters to send to the manger of these funds asking that they pull out of these funds. This has to be done to keep in compliance. A letter also has to be sent to the governor, head of the senate and the head of the house of representatives telling them that you have sent letters to these fund managers. MassMutual will draft the letters.

Jim Fallon recommended that action be taken on the following:

- That the Mass Mutual High Yield Fund stay on the watchlist.
- Recommend placing the T. Rowe Price Global Technology Fund on the

watchlist.

Connie Boehnke so moved – Allen McCullough seconded.

Motion was made that the County Administrator would be authorized the sign the letters to the fund managers. So moved by Tony Parrott – seconded by Connie Boehnke.

Jim Fallon stated that he recommends that the county join the Georgia Public Pension Trustee Association. He said that he would have Debbie Decker, Membership Coordinator, from Clayton County send information to us.

Jack Krakeel stated since this is a public body that the following things need to be communicated:

- Minutes need to be made available to the employees, along with documents and the agenda. This informs the employees that there is a committee working on their behalf.
- Agenda needs to be posted on the calendar of meetings.

The next meeting was set up for February 10, 2011.

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 2/10/11.

Lori Smith, Benefits Administrator