

**MINUTES OF REGULAR QUARTERLY MEETING OF
THE BOARD OF COMMISSIONERS OF
THE SUPERIOR COURT CLERKS' RETIREMENT FUND OF GEORGIA**

May 10, 2012

The regular quarterly meeting of the Board of Commissioners of the Superior Court Clerks' Retirement Fund of Georgia was held on May 10, 2012 beginning at 10:30 a.m. in the office of the Peace Officers' Benefit and Annuity Fund, Griffin, Georgia, pursuant to proper posting and notice.

Present for the meeting were Board Members Studdard, Glass, Abernethy, Williams, and Caldwell. Also present were Webster County Clerk and Retirement Liaison Tina Blankenship, Member Liaison Daniel, Secretary-Treasurer Carter, L. Ferber Buckley and Scott Olsen each a Senior Vice President of Investments for UBS, and Legal Counsel Jason Voyles.

Chairperson Studdard presided at the meeting and welcomed all present.

The minutes of the meeting of the February meeting had been distributed in advance and were re-distributed for review and were unanimously approved without any changes pursuant to a motion by Caldwell, seconded by Abernethy.

L. Ferber Buckley and Scott Olsen then presented the Investment Report. Mr. Buckley noted that all of the previously-approved transfers of funds had now been completed and the Fund allocation was consistent with the policy adopted by the Board.

Scott Olsen gave a report of the first quarter of 2012. He noted that equity markets were basically flat in 2011 and fixed income was up in 2011. He stated that the equity markets had increased markedly during the first quarter of 2012 and were up about 12.5% for the quarter. However, bonds were relatively flat during the first quarter of 2012. He stated that the current forecast for domestic growth of GDP for 2012 was in the 2% - 2.5% range. This might lead to muted returns for the remainder of the year.

Mr. Buckley then gave a report on the Fund assets. He stated that the first quarter return was 6.5% and the return for the fiscal year to date was 6.05%. He noted that Atlantis was underperforming due to some bad previous quarters. Mr. Buckley stated that UBS is monitoring Atlantis, but there is no reason for concern at the moment. Mr. Buckley then discussed enhanced dividend managers, who buy high dividend stocks, which currently are returning around 3.79%. Mr. Buckley said that the Fund does not need to explore this at the moment, but in the future, if cash flow becomes an issue, the Fund may want to look at shifting some assets from large cap or the S&P fund to an enhanced dividend manager. Mr. Buckley noted that in the future, the return on fixed income will be in the 3% - 3.5% range rather than the 7% that the Fund has experienced recently. He stated that due to the relatively low assumed actuarial rate of 5% used by the Fund, the current mix of 50% in equities and 50% in bonds would continue to be a good one for the Fund. He noted that the Fund assets had increased about \$5,000,000 in the first quarter and now totaled \$86,177,969 as of the end of the first quarter 2012. He also noted that currently the cash flow coming into the Fund is more than enough to cover the benefits paid out by the Fund, meaning that the Fund does not have to dip into principal to pay benefits and this puts the Fund on very solid financial footing.

Mr. Buckley and Mr. Olsen then answered questions from the Board.

Mr. Buckley next presented a legislative report and discussed Senate Bill 402, which was recently passed into law. This bill allows large retirement systems to invest in alternate investment strategies, such as real estate investment trusts, high yield bonds, and private funds. The bill limits such investments to 5% of the retirement fund. Mr. Buckley stated that UBS does not recommend these investments for the Fund. In addition to the risk of the investments, these investments can present significant liquidity issues as most have a multi-year lock up period and then require that any withdrawals be made on a gradual basis.

