

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

**February 7, 2013**

The regular quarterly meeting of the Board of Commissioners of the Superior Court Clerks' Retirement Fund of Georgia was held on February 7, 2013 beginning at 12:32 p.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, Williams, and Caldwell. Also present were Member Liaison Daniel, Secretary-Treasurer Carter, Scott Olsen, a Senior Vice President of Investments for UBS, Fund employee Jennifer Kost, and Legal Counsel Jason Voyles.

Chairperson Studdard welcomed all present.

The minutes of the committee meeting held on November 1, 2012 had been distributed in advance and were re-distributed for review. On a motion by Caldwell, seconded by Williams, the Board unanimously voted to approve and ratify the actions of the committee during the November 1, 2012 meeting. On a motion by Caldwell, seconded by Glass, the minutes were unanimously approved without any changes.

Scott Olsen then presented the Investment Report. Mr. Olsen noted that the ending value for the year was approximately \$87 million, which was up from the balance at the beginning of the year of approximately \$81 million. The portfolio was up 0.81% in the fourth quarter of 2012 and up 9.59% for the calendar year 2012. This is well over the Fund's actuarial assumption rate of 5.5%.

Mr. Olsen stated that Atlantis is the only manager who has consistently fallen short of expectations. It was noted that Secretary-Treasurer Carter has been in contact with Atlantis about its performance. Mr. Olsen recommended that at the next Board meeting in May the Board reevaluate its relationship with Atlantis.

Mr. Olsen stated that overall the market is improving, but that volume is low, the Fed is still putting a good amount of money into the market, and unemployment is high. He stated that the negative growth rate in the fourth quarter of 2012 was somewhat concerning, but that UBS is cautiously optimistic for 2013. He stated that UBS still predicts that the U.S. economy will experience sluggish growth for the foreseeable future. He said that he expected that over the next five years bond rates will fall to the 2.5% range and equity returns would be in the 7% - 8% range. With the Fund's allocation, this would put the Fund right around its actuarial assumption rate. The Board directed Secretary-Treasurer Carter to explore the projections for the Fund if the allocation of assets was shifted to 60% equities and 40% bonds, as opposed to the current 50% - 50% split.

On a motion by Caldwell, seconded by Williams, the Investment Report was unanimously approved as presented.

Mr. Olsen was then excused from the meeting.

Bob Carter then presented Financial Reports, copies of which are attached to the minutes, directed attention of the Board to pertinent benchmarks, and answered questions from the Board. Mr. Carter noted that fees from real estate filings have increased significantly over last year, as had dividend income. He noted that the new retirees would be factored into expenses beginning in January, 2013.

On a motion by Williams, seconded by Glass, the Financial Reports were unanimously approved as presented.

The Membership Reports were given by Woodson Daniel. Mr. Daniel noted that there were 18 new members due to the elections in the fall. Consequently, there are also 18 new retiring members. He stated that there was no spouse activity during the last quarter. He also noted that all members were paid up to date and that all new retirees who were eligible to receive benefits have started receiving those benefits.

On a motion by Caldwell, seconded by Williams, the Financial Reports were unanimously approved as presented.

Chairperson Studdard discussed the proposed bill for providing for a death benefit for retired clerks. This is still in the legislature. Paul Battle is the new chairperson of the sixteen-member House Retirement Committee and Fran Miller is the new chairperson of the six-member Senate Retirement Committee. The board discussed trying to work with the Retired Clerks' Association on this bill.

Chairperson Studdard led a discussion of the bill providing for pop up benefits in the event that the spouse of a member who has elected spousal benefits dies or gets divorced from the member. On a motion by Caldwell, seconded by Williams, the Board unanimously voted to have legal counsel Voyles prepare a bill which would provide for members electing spousal benefits to receive the actuarially equivalent payment, rather than the 90% payment, and providing that in the event a member has elected spousal benefits and the member's spouse predeceases the member or gets a divorce from the member, that the member may apply to have his or her benefits pop back up to the full benefit amount. It was noted that this would put the Fund's provisions in line with the provisions of other retirement funds.

Chairperson Studdard then led a discussion on an amendment to the Rules and Regulations of the Board, providing that a "year" is defined as twelve months of service by a clerk. This has been the policy of the Board for some time and the amendment would merely serve to memorialize the Board's policy. On a motion by Caldwell, seconded by Williams, the Board voted to adopt the amendment and, for the purpose of calculating a month from excess days, voted to have 29 days equal a month.

Chairperson Studdard next led a discussion on the budget for the coming fiscal year. It was noted that there were serious issues in getting the actuarial report from Jeffrey Groves and that these issues could have led to negative consequences for the Fund. The Board agreed to seek bids for the actuarial work and to get proposals from Bates, Carter & Company for the audit of the Fund and from legal counsel Voyles for the Fund's legal work.

Chairperson Studdard then noted that Brian Brannon was not reelected in November and, therefore, was not eligible to continue serving as a board member. Legal Counsel Voyles stated that under Georgia law, in this situation the Board is to vote on a replacement member to serve out the remainder of the unexpired term. On a motion by Williams, seconded by Glass the Board unanimously voted to elect Carter Brown or Walker County to serve out the remainder of the unexpired term. Secretary Carter was directed to convey this selection to the Governor and to remind the Governor that there is still one vacant board position for which the Governor needs to make an appointment.

It was noted that the next meeting would be held on May 9, 2013 at 10:30 a.m.

The meeting was properly adjourned at 2:38 p.m.

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Robert Carter, Secretary-Treasurer