

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

August 1, 2013

The regular quarterly meeting of the Board of Commissioners of the Superior Court Clerks' Retirement Fund of Georgia was held on August 1, 2013 beginning at 11:46 a.m. in the office of the Peace Officers' Benefit and Annuity Fund, Griffin, Georgia, pursuant to proper posting and notice.

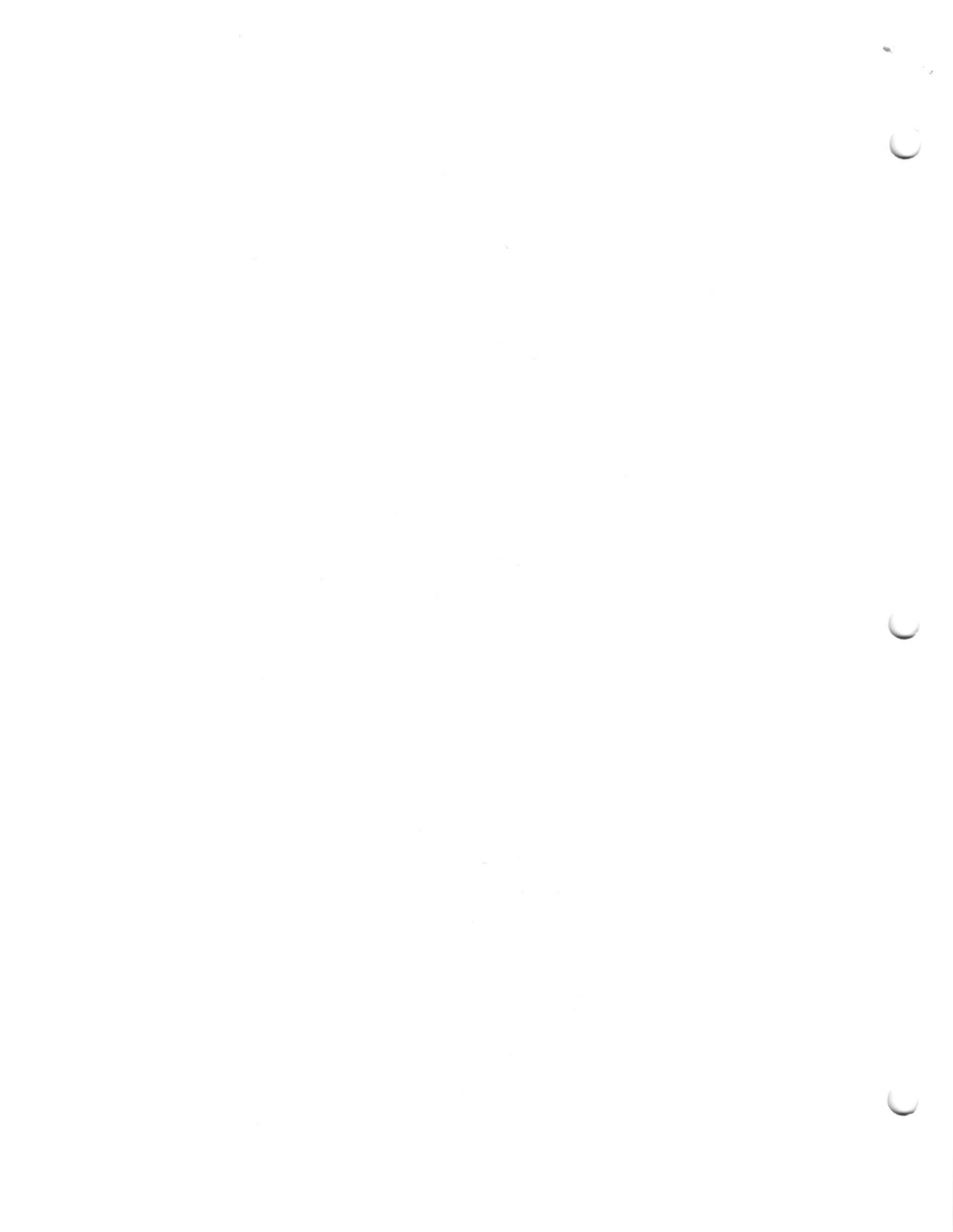
Present for the meeting were Board Members Studdard, Glass, Caldwell, and Brown. Also present were Chatham County Superior Court Clerk and visitor Dan Massey, Member Liaison Woodson Daniel, Secretary-Treasurer Bob Carter, Scott Olsen, a Senior Vice President of Investments for UBS, Fund employee Jennifer Kost, and Legal Counsel Jessica Lund who was appearing in the place of Legal Counsel Jason Voyles.

Chairperson Studdard welcomed all present and read aloud the biography of the newest Board Member Thomas Worthy, although Mr. Worthy was not in attendance.

The minutes of the committee meeting held on May 9, 2013 had been distributed in advance and were re-distributed for review. On a motion by Caldwell, seconded by Brown, the Board unanimously voted to approve the minutes.

Scott Olsen then presented the Investment Report. He began his presentation by discussing the recent rise in the interest rate, which is good in the long term for fixed income but does lend itself to volatility in the short term. He mentioned that, as the interest rate goes up, the value of bonds goes down, but overall, a low interest rate is not good for the Clerks. The Clerks want to see is a methodical increase in the interest rate. Mr. Olsen, in referring to the Global Economic Outlook, noted that the economy has made a modest recovery, with the GDP at 2% and jobs picking up. He mentioned that the just today, the ISM report, a factor gauge that measures manufacturing is up to 55.4 from last month's 51.1, and anything over 50 shows that the economy is expanding. Referring to recent improvements in EuroZone and the market in Japan, Mr. Olsen noted that, globally, markets are doing what the U.S. market is doing and there has been accelerated growth. Overall, the U.S. market is relatively sanguine.

After giving the Board the market overview, Mr. Olsen turned to the Retirement Fund's Investment Report. He stated that the fund is up 5.31% YTD. He stated that the Board has taken a balanced approach to asset allocation which is appropriate given its actuarial target. Mr. Olsen then compared the manager returns to the appropriate benchmarks. He noted that Atlantis had a good quarter as noted by their top 17th percentile peer ranking, though still lagging its benchmark for most time periods. Secretary Carter interjected that he had a meeting with Atlantis the previous week and told them that the Board has them on their watch list. Mr. Carter stated that Atlantis feels comfortable with how they are positioned relative to the index. Mr. Olsen, in addressing the international manager, Wells Capital, noted that while underperforming for the quarter, the manager is still ahead of both its peers and benchmark over all other noted time periods. Olsen also stated that Well's unique closed end investment approach has produced superior results over an extended time period. Mr. Olsen noted that Atlanta Capital continues to do well, being in the top 16th percentile this quarter. Mr. Olsen then addressed Sage, noting that rising interest rates have put pressure on the fixed income market since the June timeframe. Mr. Olsen noted that the Clerks' allocation to fixed income is currently 43%, under the 50% target per the Investment Policy Statement (IPS). Mr. Olsen stated that due to the over allocation to equities, it was his recommendation that the Board rebalance back to IPS recommended percentages of 50% bonds, 50% stocks, by the end of the 2013 calendar year. Mr. Olsen stated that should the Board not elect to rebalance, they should consider changing the IPS to reflect a higher equity target allocation. Mr. Olsen noted that one of the more important functions of the Board is to implement and follow the optimal asset allocation needed to meet its actuarial return target.



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

Mr. Olsen was excused from the meeting but opted to stay for the duration of the meeting.

Secretary Carter then presented Financial Reports, copies of which are attached to the minutes, directing the attention of the Board to pertinent benchmarks. Secretary Carter noted that interest income was down but that fees from real estate filings are up, which is good news for the housing market. Overall total revenue was down due to a variety of factors. Secretary Carter reviewed the expenses, which remained the same except for death benefits. Secretary Carter noted he was pleased overall with timely payments from the clerks. The Board noted Secretary Carter's hard work in keeping expenses low. Secretary Carter also provided the Board with a monthly financial report.

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

The Membership Reports were given by Woodson Daniel. Mr. Daniel noted that there are 2 new members this quarter, State Court Clerks Patti M. Graves of Bibb County and Angie Davis of Cobb County. Jennifer Kost reported that they have not joined the Fund yet, but still have time to do so. Mr. Daniel stated that there were two retiring members during the quarter. Jennifer Kost reported that Carolyn Marshall of Colquitt County retired March 1, 2013 and Dianne Webb of Cobb County retired July 1, 2013. Ms. Webb will not be 55 until May 2015. Donna H. Scarbary of Bibb County retired but was unable to draw retirement and was issued a refund. Mr. Daniel stated that there was no spouse activity during the last quarter. He also noted that no clerks were delinquent in the payment of their dues. Jennifer Kost reported that the three deceased clerks who received death benefits were Joe Johnston, Ovis Stephens, and Everett James.

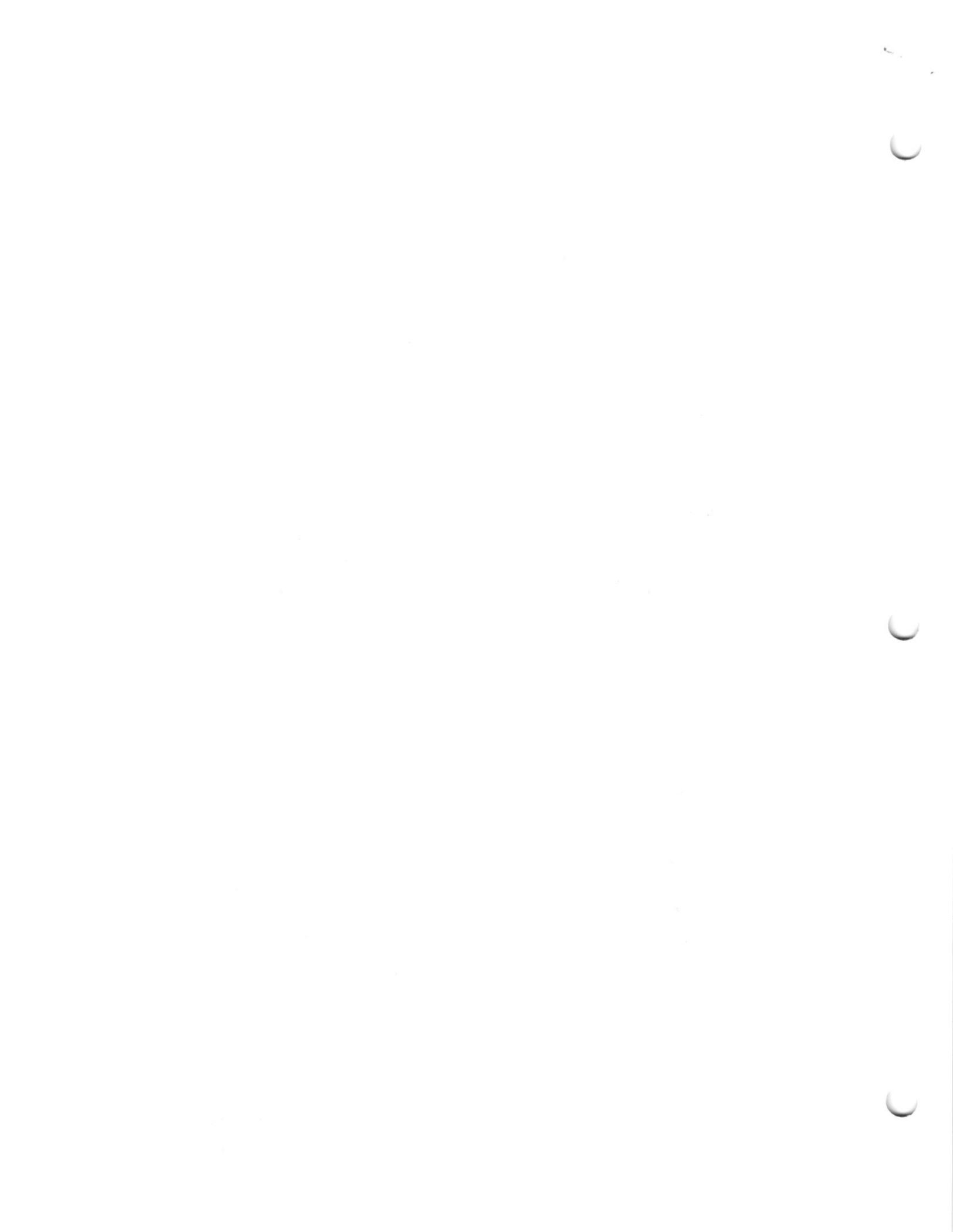
On a motion by Glass, seconded by Brown, the Membership Reports were unanimously approved as presented.

As to Unfinished Business, Chairperson Studdard reported that there was no movement on the proposed 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. She reported that the bill is still in committee in the study phase.

As to New Business, Chairperson Studdard introduced Chatham County Superior Court Clerk Dan Massey, on behalf of himself and Gwinnett County Clerk Richard Alexander, to address the Board on their proposal to seek a Code revision that would allow military service credit to count toward their years of service for clerks who are elected later in life. A similar proposal was made to the Board approximately eight years ago. Specifically, the proposed revision would provide that, for purposes of calculating service for present and future members of the clerk's retirement fund of Georgia, if the clerk was at least 55 years or older at the time of first serving as clerk, and has served at least 8 years as clerk, then up to four years of military service can be counted toward retirement. Mr. Massey provided a handout, a copy of which is attached to these minutes for reference to the proposed subsection (f) to O.C.G.A. 47-14-70. Discussion was had. The legislation cannot be introduced until 2015, which means that the earliest it would become law would be January 2016. Mr. Massey noted that the legislation presents no significant impact on the Fund. He also noted that the real problem for clerks joining later in life is the 12-year vesting period. Chairperson Studdard noted that it is in the Board's plan to address vesting. Chairperson Studdard announced that this issue will be put back on the agenda as Unfinished Business until the Board decides what to do.

It was noted that the next meeting would be held on November 7, 2013 at 11:30 a.m.

Secretary Carter addressed the Board to inform them of an issue that has come up. The Governmental Accounting Standards Board (GASB) has issued two new government rulings, number 67 and 68. Number 68 addresses government pension funds and affects



how the funds do accounting. It is requiring government pension funds to calculate unfunded liability, break it down by member, and then report the amount to the County to which that member belongs for the County to put that amount on the County's balance sheet. Discussion ensued. Secretary Carter noted that he has already written a letter to GASB asking for an exception where the public fund is not the employer. The ruling becomes effective 2014, such that the report to the County would occur in 2015. Secretary Carter noted that this is really a "Benefit" Fund as opposed to a "Retirement" Fund despite its name and perhaps a name change should be considered.

Secretary Carter noted that there is a conference at Stone Mountain from September 24 - 26. A number of the board members plan to attend the conference.

Chairperson Studdard addressed one final issue, being the need for a new actuary. On a motion by Caldwell, seconded by Brown, the Board unanimously approved Secretary Carter to obtain three bids for the position of actuary.

The meeting was adjourned at 1:46 p.m.



Robert Carter, Secretary-Treasurer

