

MINUTES OF BOARD OF DIRECTORS MEETING OF  
THE SUPERIOR COURT CLERKS RETIREMENT FUND OF GEORGIA

October 25, 2006

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The regular quarterly meeting of the Board of Commissioners of The Superior Court Clerks Retirement Fund of Georgia was held on October 25, 2006, at 10:00 a.m., in the Fund's offices in Jonesboro, Georgia, pursuant to notice and proper posting.

Present for the meeting were Board Members Caldwell, Jordan, Osborne, Glass, and Studdard. Also present were Clerks Beverly Logan, Carolyn Williams, and Linda Miller, as well as Secretary-Treasurer Daniel, Actuary Groves, and Legal Counsel Oliver, and the firm accountant Duane Schlereth.

Chairman Caldwell presided at the meeting and welcomed all.

The minutes of the July quarterly Board meeting were reviewed and approved unanimously on motion by Osborne, seconded by Glass. It was noted that there had been two Board work sessions since the last quarterly meeting, but minutes of those meetings were not yet ready for review and approval.

The first order of business was review of the audit report prepared by the Fund's auditors, and the meeting was turned over to Schlereth. Copies of the audit report for the year ending June 30, 2006 were distributed, and Schlereth proceeded to review the report in detail with the Board. Schlereth noted that it was a clean report and that he had received full cooperation from management in compiling the report. After full review and responding to questions and comments, Schlereth then indicated he needed to discuss a couple of other items. In a separate letter outside the audit report, Schlereth commented that there were a few instances in which it appeared that the Board was not receiving all of the information that was called for review under the recently-adopted investment policy of the Board. He indicated that if correct, the Board needed to receive additional reports or amend the policy for any reports it did not wish to receive. There was some discussion about the particulars Schlereth was referring to, and it was agreed that Schlereth would provide specifics to the Secretary-Treasurer and legal counsel and then a joint recommendation to the Board would be made on what adjustments were warranted.

Schlereth also commented on whether or not there was an additional way of verifying when a member receiving retirement benefits died. At present, the Board has only informal ways of obtaining this information, although it was acknowledged that within the close network and limited numbers involved, there has never been a problem with learning of a member's death very promptly. Board Member Osborne indicated she would attempt to find out what some other retirement funds were doing. Secretary-Treasurer Daniel indicated that in checking with the Sheriff's Fund and the Probate Judge's Fund, both of the sister funds followed the same informal procedure as this Fund.

Finally, Schlereth commented on changes in GASB that would become effective in 2007, as a result of which preparation of financial statements could not be performed by the same firm doing the audit work without it being noted as a potential "weakness" in control. Several alternatives were discussed, and the consensus was that Schlereth, together with Daniel and Oliver, would report back to the Board at the next meeting on their recommendations as to this matter.

The next item on the agenda was a review of the annual actuarial report and related matters. It was noted that the actuary had met with the Board in two work sessions since the last quarterly meeting. Groves distributed the actuarial report to those present and then reviewed the report in detail. Groves noted that the funded ratio as of June 30, 2006, is 109.3 percent, a positive increase from the same data as of June 30, 2005. Groves reviewed the methodology for arriving at this valuation, including the significant assumptions made as a part of that methodology. The report covers the assumptions, both economic and demographic, used by Groves for the time period ended June 30, 2006, as well as projection by Groves going through 2016. Oliver pointed out that the assumptions made, as with financial statements, must be ones with which the Board is comfortable. In fact, Groves had made some changes in assumption previously used as a result of discussions at the two work sessions and per Board input. (Note: a subsequent review of Code Section 47-10-20(c)(2), reveals the following: All costs, liabilities, and other factors under the retirement system shall be determined by an actuary on the basis of an actuarial cost method and actuarial assumptions which, in the aggregate, are reasonable,

considering the experience of the retirement system and reasonable expectations, and which, in combination, offer the actuary's best estimate of anticipated experience under the retirement system.)

However, Board Member Osborne suggested that there really should be a fixed set of assumptions or variables that the Board would officially adopt for purposes of five-year planning, and on motion by Osborne, seconded by Studdard, the Board unanimously voted that a draft of such assumptions or variables would be developed by Groves, Daniel, and Oliver for submission to the Board in advance of the January meeting and adoption at that time.

After consideration of the actuarial report and the soundness of the Fund, the Chair recommended that the Board go ahead and approve an increase of 1 ½ percent in benefits as of January 1, 2007, and a second 1 ½ percent as of July 1, 2007, which increases Groves indicated that the Fund could well support actuarially. On motion by Osborne, seconded by Studdard, the Board voted unanimously to accept the Chair's recommendation.

The next item on the agenda was the consideration of possible legislation for 2007, including discussion over draft bills under consideration by Senator Bill Heath for submission in 2007. Based on the actuarial projections showing cash flow needs to 2009, and with a greatly improved stock market, and after much discussion, the whole of which suggests that it is prudent to keep the real estate fee increase in abeyance for now, on motion by Studdard, seconded by Jordan, the Board voted unanimously not to go forward with pushing for an increase in real estate recording fees in 2007. As to the Heath draft legislation, this legislation was summarized. The consensus was that there needed to be further discussion with Senator Heath on some of these changes as they did not appear to be ones that would be willingly accepted by clerks or that would be perceived as being fair and equitable. Chairperson Caldwell and Secretary-Treasurer Daniel indicated they intended to meet with Heath to discuss further.

One of the matters under consideration was the issue of proper remittances, and Daniel described a situation in Fulton County that has been an on-going problem for at least four years, and which was to be corrected by the stalled legislation. After explaining the background, on motion by Osborne, seconded by Studdard, the Board voted unanimously to have Daniel and legal counsel take all steps that could be taken without legislation to correct the apparent failure of the Fulton County government to remit funds collected by the probation office on criminal fines and forfeitures, without remitting the Fund's share direct to the Fund. There was also discussion about possible changes in treatment of disability retirement, but it was left that Legal Counsel Oliver would come up with some recommendations for the January meeting.

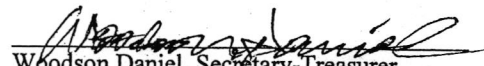
The next item on the agenda was a review of the financial reports. Copies of all the financial reports were distributed to those present, and copies of all are on file in the offices of the Fund. The reports were reviewed by Daniel in detail. On motion by Osborne, seconded by Glass, the financial reports were approved as presented.

Secretary-Treasurer Daniel pointed out and reviewed briefly with the Board the usual reports on membership, remittance reports, etc., noting the deaths of two retirees since the last quarterly meeting.

The next item of business was a report on web site development given by Board member Studdard. She reviewed likely menu items on the web site and a pending request for costing figures from the Clerks' Authority. She also described responses from clerks to the questionnaires sent out earlier for development of the web site.

Under other business, Osborne asked if consideration could be given to changing the meeting dates for the Board from Thursdays to Wednesday because of standing conflicts she had. No one expressed objection, and Oliver noted that the change would have to be made as a change to the rules and regulation of the Fund. On motion by Osborne, seconded by Studdard, the Board voted unanimously to amend the rules and regulations so as to change the quarterly meeting to the fourth Wednesday of the first month of each quarter. Accordingly, the next meeting will be on January 24, 2007. Oliver was directed to revise the rules and regulations accordingly.

There being no further business to come before the Board, the meeting was properly adjourned at 12:25 p.m.

  
Woodson Daniel, Secretary-Treasurer

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