

REQUEST FOR PROPOSAL

**FULTON COUNTY EMPLOYEES'
RETIREMENT SYSTEM BOARD
FINANCIAL ADVISORY SERVICES**

**RESPONSES DUE
May 29, 2009**

REQUEST FOR PROPOSALS
PERFORMANCE MEASUREMENT, EVALUATION AND CONSULTING SERVICES
FULTON COUNTY EMPLOYEES' RETIREMENT SYSTEM BOARD

Fulton County Employees' Retirement System Board (the "Board") is seeking performance measurement, evaluation and consulting services. General instructions and requirements are attached which will indicate considerations to be used in evaluating the RFPs and awarding a contract.

Your proposal along with answers to the questions in Section IV – Proposal Questionnaire, must be submitted with supporting documentation no later than 4:00 p.m. local time on May 29, 2009. Proposals received after 4:00 p.m. local time will not be considered. Proposals will be opened as soon as practical thereafter and the evaluation results will be made available when completed upon request.

I. GENERAL INSTRUCTIONS, REQUIREMENTS AND CONDITIONS

1. All RFPs, one original with twelve (12) additional hard copies with each including an electronic copy on CD (required), must be submitted no later than 4:00 p.m. local time on May 29, 2009, to:

Mr. Patrick J. O'Connor
Secretary/Treasurer
Fulton County Employees' Retirement System Board
Suite 7001
141 Pryor Street, S.W.
Atlanta, Georgia 30303

Indicate Fulton County Employees' Retirement System Board RFP on the outside of the envelope.

2. The "Board" reserves the right to waive any formality in any proposal and to reject any and all proposals. Any proposal submitted shall constitute an irrevocable offer, for a period to begin on January 1, 2010, to provide to the "Board" the proposed services at the proposed compensation.
3. The terms and conditions of the Consulting Services Agreement for evaluation services must be fixed for a period of five (5) years (three (3) years term with the option to extend, upon mutual agreement, on the same terms for an addition two (2) years). The "Board" reserves the right to terminate the contract, for its convenience, by giving the firm 30 days written notice. The "Board" will require the successful firm to commit to a minimum

of a ninety (90) day termination provision. The firm will be paid for its services through the effective date of termination.

4. The firm shall not assign any interest in the contract and shall not transfer any interest in the same without prior written consent of the "Board". The firm may subcontract part of the proposed services with prior written consent of the "Board".
5. The "Board" reserves the right to use judgmental factors in determining which proposal shall be in the "Board's" best interest and the exercise of that judgment by the "Board" shall be final and binding upon all firms submitting proposals. Criteria for selection will include but are not limited to:
 - a. Cost for services.
 - b. Prior experience and background of personnel.
 - c. Prior experience of the firm in providing investment performance measurement, evaluation and consulting services to investment funds including pension funds and public/governmental defined benefit pension funds.
 - d. Quality of sample reporting provided.
 - e. Financial Strength
 - f. Service level of the firm.
 - g. Potential Conflicts of Interest
 - h. Quality of and response from references
 - i. Location and accessibility of firm and staff
 - j. Equal Opportunity Practices.
6. Each proposal submitted must be divided into three separate sections. The first section should be the RFP questionnaire (Labeled Accordingly as Sections 1-3) with Firm's responses to each question. The second section should be any additional information that your firm feels is relevant in the Evaluation Committee being able to determine your Firm's ability to provide the required services to the Plan. The third section should be the cost proposal as outlined in Section V. These sections should be labeled accordingly in order for the Evaluation Team to streamline the review and evaluation process. Failure to provide in this required format could result in

the Proposal being disqualified. The Proposal must be accompanied by an authorized officer of the firm stating the firm will abide by the proposal's instructions, specifications and requirements, notwithstanding any acts of any agents or representatives to the contrary.

7. Due care has been used in the preparation of information for this RFP and the information is believed to be substantially correct. However, the responsibility for determining the full extent of the exposures and the verification of all information presented herein shall rest solely upon the proposers. The "Board" and its representatives will not be responsible for any errors or omissions in the specifications nor for the failure on the part of the proposers to determine the full extent of the exposures.
8. If any addendum is issued to this RFP, they will be sent by first class mail to all registered prospective proposers at the address where the original proposal was sent. However, prior to submitting your proposal, it shall be the responsibility of each proposer to contact the "Board" to determine if addenda were issued, and , if so, to obtain such addenda and include them with your proposal
9. All contact pertaining to this RFP will be directed to the following individual:

Tammy E. Goebeler, Investment Officer
Fulton County Department of Finance
141 Pryor Street, S.W., Room 7001
Atlanta, Georgia 30303
(404) 612-7698

Any questions should be submitted in writing to tammy.goebeler@fultoncountyga.gov and will be responded to within a reasonable timeframe.

II. SPECIFICS OF THE FULTON COUNTY EMPLOYEES' RETIREMENT SYSTEM

The Retirement System's investment portfolios were valued at \$880.1 million on December 31, 2008. The "Board" has employed a professional investment advisor since 1990 and currently maintains a formal investment policy which was last amended September 2007 (see attachment A). The "Board" currently utilizes the actuarial services of Buck Consultants and the audit services of PJC Group, LLC.

The most recent actuarial valuation of January 1, 2009 is enclosed as attachment B.

The "Board" utilized the following investment managers in the investment style and amount noted below as of December 31, 2008:

	Cash	Investment	Accrued Income	Total Market + Accrued	Current %	L/T Target%	Allowable Ranges
EQUITY							
Domestic							
Large Cap							
Growth							
Winslow Capital	3,233	126,241	111	129,586	14.7%	16.5%	
Blend							
State Street		36,086		36,086	4.1%	5.0%	
Rhumbline		43,042		43,042	4.9%	5.0%	
Value							
NWQ /Nuveen	8,365	135,598	308	144,272	16.4%	16.5%	
Total Large Cap Equity	11,598	340,968	420	352,986	40.1%	43.0%	38% - 48%
Small Cap							
Atlanta Capital - Small Cap	658	32,572	31	33,261	3.8%		
Atlanta Capital - Small Cap Ext	922	58,782	45	59,749	6.8%		
Total Small Cap Equity	1,580	91,354	76	93,010	10.6%	12.0%	7% - 17%
Total Domestic Equity	13,178	432,322	496	445,996	50.7%	55.0%	
International							
EuroPacific Growth		39,412	-	39,412	4.5%	5.0%	
AllianceBernstein Value		30,461	-	30,461	3.5%	5.0%	
Total International Equity	-	69,873	-	69,873	7.9%	10.0%	7% - 13%
Total Equity	13,178	502,195	496	515,869	58.6%	65.0%	
FIXED INCOME							
Domestic							
Earnest Partners	3,431	95,429	1,174	100,034	11.4%	10.0%	
Wellington Management	382	254,423	1,965	256,770	29.2%	25.0%	
Total Fixed Income	3,813	349,853	3,139	356,804	40.5%	35.0%	30% - 40%
	16,991	852,047	3,634	872,673	99.2%	100.0%	
Internally Managed / State Street	1,048	47.80	1	1,097	0.1%	0.0%	
Internal - Cash Accounts	6,064			6,064	0.7%	0.0%	
Internal Supplemental Benefit Plan	281	-	0	281	0.0%	0.0%	
	7,393	47.80	2	7,442	0.8%	0.0%	
TOTAL ASSETS	24,384	852,095	3,636	880,115	100.0%	100.0%	
CASH INCLUDING ACCRUED	28,020				3%	0%	0% - 5%

The "Board" currently employs the services of State Street bank as custodian for active managers. The S&P 500 index funds utilize State Street Bank as custodian. The International Mutual Funds are under separate custody. These custodians provide asset valuation services. The "Board" currently maintains a commission recapture program through Donaldson and Company and Capital Institutional Services, Inc. (CAPIS). The "Board" maintains a firm commitment to equal opportunity at all level of asset management. Qualified advisors, managers, brokers and agents are utilized throughout the Fulton County Employees' Retirement System.

III. SERVICES TO BE PROVIDED

1. The Financial advisor will be required to attend each regularly scheduled monthly Board Meeting. The meetings are normally scheduled for the second Wednesday of each month at 1:30 pm.
2. An annual review of investment policies, goals and guidelines including risk

assessment and asset allocation. The review will include a formal written report to the Fulton County Employees' Retirement System Board as to recommendations or amendments to the investment policies, goals or guidelines. The advisor shall be responsible for maintaining the investment policy documents and will provide the Board with twenty (20) copies upon amendment or annually, whichever is less.

3. Quarterly reports of investment performance which include an overview of manager performance, a narrative commentary addressing performance on an absolute and relative basis, concise explanations of the level of performance relative to risk and long range projections of the various markets. The advisor will be responsible for, (1) compliance with the "Board's" investment policy and will include along with the Quarterly Report a Statement of Compliance; (2) tracking brokerage practices and will provide written reports quarterly to the Board as to minority participation; and (3) assure continuity of the existing performance reports (which began in 1991) as to performance on a quarter to date, year to date and inception to date basis. A representative of the advisor shall attend the meeting of the Board to discuss the performance reports. The advisor will provide the Board with twenty (20) copies of the report quarterly, five (5) working days in advance of the meeting.
4. An Asset Liability study will be performed during the first year of the three year contract, and therefore the cost of this study should be included in the Annual Retainer fee for Years 1 thru 3 quoted in Section V. Cost Proposal.
5. Monitor investment managers to insure stability of management firm, quality of portfolio managers assigned to the "Board's" account, consistency in investment management style, and compliance with the "Board's" investment policies and guidelines. The advisor will monitor investment managers and their performance monthly. The advisor will not be required to provide monthly written reports unless requested by the Board. The Advisor is responsible to alert the Board of any significant exception.
6. Trustee education will be provided by the advisor on an ongoing basis on the topics of asset allocation, modern portfolio management theory, diversification, managing portfolio risk, capital markets, securities valuation, corporate governance, actuarial analysis, and other relevant investment topics. The advisor will be responsible for providing no less than two (2) trustee education sessions annually. The two sessions will be semi-annual ½ day seminars. The advisor will be responsible for providing an appropriate location convenient to the Board within Fulton County. The advisor will be responsible for all costs associated with the trustee education for up to fifteen participants. It is permissible to utilize the services of the "Board's" investment managers for up to 50% of the seminars.

7. Assist the Retirement System with investment manager selection. These services may or may not be required by the Board. In the event these services are required, the Board may desire services in the following areas: Active Management, Index Management or Mutual Funds Management. In the manager selection process, the Board will require the advisor to screen an appropriate broad universe of potential managers, screen the managers based on criteria as recommended by the advisor and approved by the Board, rank potential managers based on return and risk for specific periods, perform due diligence reviews of the potential managers, prepare a synopsis of qualified managers, make recommendations of firms to be interviewed, schedule interviews, participate in investment manager interviews and prepare final recommendations for the Board's consideration.
8. Assist the Board by making recommendations concerning commission recapture, brokerage practices, investment return assumptions for actuarial reports or other investment related subjects.
9. Assist the Board in their commitment to equal opportunity at all levels of asset management.
10. Assist the Board in any additional formal asset liability studies requested during the remainder of the contract, including any extension periods. The Board periodically (every three to five years) performs an asset liability study to insure the Board's asset allocation is appropriate. Liabilities are modeled by our Actuary. Our Financial Advisor is responsible for the preparation of the asset liability study with the assistance of our Actuary. Any additional studies requested above the study in the first year of the contract would be charged on a stand alone basis as quoted in Section V. Cost Proposal.

IV. PROPOSAL QUESTIONNAIRE

(Please note that technical information should be described in terms easily understood by individuals with limited technical knowledge of sophisticated investment strategies)

1. FIRM INFORMATION:
 - a. Name of your firm, address, telephone number, and primary and secondary contact persons.
 - b. Does your firm maintain an office in the Atlanta area and will this office be servicing the Plan if awarded a contract?
 - c. Number of full time employees in your firm. Include a breakdown by

classification (professional, managerial, clerical, etc.)

- d. Furnish biographical profiles summarizing educational and professional credentials of principals and other key individuals who you anticipate will be assigned to this account. Include a summary of current assignments for key individuals anticipated to be assigned to this account.
- e. Provide full disclosure of your firm's ownership, to include: year formed, name of parent organization, if applicable, type of ownership, etc. Is your firm a registered investment advisor with the SEC under the Investment Advisors Act? If yes, provide a copy of your latest Form ADV.
- f. Provide a copy of your audited financial statements for the past three years.
- g. Please disclose how many Clients your Firm provides comparable Financial Advisory Consulting services for. What percentage of these Plans are Public Companies? What is the smallest, largest, and average Plan asset size of the Clients you represent?
- h. Provide a representative list of your pension fund clients along with the assets under advisement of each client. Please note which clients are governmental and similar to Fulton County. In addition, please provide contact names, addresses and telephone numbers of key individuals who may be contacted as references. A minimum of three references should be provided, with a preference that at least two of the three be governmental clients.
- i. Provide a statement concerning your understanding of the firm's fiduciary responsibility in providing performance measurement, evaluation and consulting services to the Board. Does your firm accept fiduciary responsibility for the services to be provided under this proposal? Please describe any errors or omissions or liability coverage you firm maintains to meet fiduciary responsibilities.
- j. Does your firm receive revenue other than direct payments for investment consulting services? Please describe any revenue received from brokers, investment managers, soft dollar arrangements or money managers. Does your firm charge for their inclusion in data bases or attendance in conferences? Does your firm operate a brokerage or provide investment management services? Does your firm have a corporate relationship with brokers, money managers or mutual funds? Does your firm sell, provide or receive any services from brokers, or money managers? If potential conflicts of interest exist, please describe the internal controls your firm maintains to mitigate such risks.
- k. Describe the universes of selection, measurement and evaluation criteria to be used in performing your services. What indices are used for relative comparisons? Were your analytical tools developed in house or acquired from external sources? Describe these analytical tools.

. (Moved to below section "Proposed Services").

2. PROPOSED SERVICES

- a. List and briefly comment upon the most significant aspects you consider being unique or important to your firm's approach to investment consulting, particularly in the area of service delivery.
- b. Provide an outline of the principal steps you will employ in developing a customized statement of investment goals, objectives, policies and procedures for the "Board".
- c. Provide an outline of the principal steps you will employ in assessing the "Board's" aversion to risk.
- d. Provide an outline of the principal steps you will employ in determining your recommendation of the optimum asset allocation for the "Board".
- e. How will you analyze investment returns? Where will you obtain your data? Describe fully your treatment of cash and cash equivalents, mortgage backed instruments and other investment types.
- f. Provide at least one example of how your firm has proactively addressed an issue or concern with a client which resulted in added value to that client.
- g. Provide any other information you feel would enable the selection committee to better assess your qualifications.
- h. Please include a sample copy of your quarterly performance reporting, a manager search report, and an asset liability study. Please provide examples of any additional standard or recommended reports you would provide on a reoccurring basis, including the frequency of the distribution of these reports.

3. OTHER INFORMATION

- a. Provide the following statement of non-discrimination as part of your proposal.
 1. No person shall be excluded from participation in, denied the benefit of, otherwise discriminated against on the basis of race, color, national origin, disability, religion, sexual orientation or gender in connection with any proposal submitted to the Fulton County Employees' Retirement System Board.
 2. That it is and shall be the policy of this firm to provide equal opportunity to all business persons seeking to contract or otherwise interested in contracting with this firm, including those companies owned and

controlled by racial minorities, cultural minorities and females.

- b. Complete the schedule of employment distribution by category in Attachment C.
- c. Provide the following statement as part of your proposal. We agree to abide by the Fulton County Employees' Retirement Systems Ethics policy as shown in Attachment D.
- d. Provide the following statement to the Board concerning liability limitations. We (your corporate name) understand in submitting this proposal that the Board shall not consider proposals that impose any type of liability limitations or indemnification provisions for damages caused, failure to perform, or negligence in performing the duties required under this proposal and agree to seek no limitations if we are awarded the contract.

V. FEE SCHEDULE

- 1. Annual retainer fee to be paid monthly for all services to be provided as outlined in Section III Services To Be Provided items 1 through 9. The annual retainer fee will include up to two investment manager searches per year. The annual retainer fee includes all expenses, travel and lodging. The annual retainer fee for Years 1 – 3 will include an Asset Liability study to be conducted during the first year of the contract.

Total Annual Retainer Fee Year 1 - 3: _____

Total Annual Retainer Fee Year 4 – 5: _____

- 2. Estimated costs for providing services as outlined in Section III Services to Be Provided item 10 (Asset Liability Study). The Asset Liability Study will be conducted periodically at the request of the Board.

Total Cost per Additional Asset Liability Study: _____

Cost of Additional Manager Searches above two per year (included in annual retainer)

Active Manager _____ per search

Index Manager _____ per search

Mutual Fund Manager _____ per search

All fees must be quoted in hard dollars, any additional quotes in soft dollar should be itemized separately on a separate attachment.

Officer:

(Signature)

(Typed Name & Title)

(Company)

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Attachment A

Fulton County Employees' Retirement System
Investment Policy

Attachment B

Fulton County Employees' Retirement System
Actuarial Report

Attachment C

Fulton County Employees' Retirement System
Distribution of Employment by Category

NAME OF FIRM:

CATEGORY	AMERIC. INDIAN	BLACK AMERICAN	ASIAN AMERICAN	SPANISH SURNAME AMERICAN	WHITE AMERICAN	OTHER (SPECIFY)
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MALE/ FEMALE	M	F	M	F	M	F	M	F	M	F	M	F
MANAGEMENT & OFFICIALS												
PROFESSIONAL S (ARCT. ENGR, ETC.)												
SUPERVISORS												
OFFICE/ CLERICAL/ SALES												
CRAFTSMEN												
LABORERS												
OTHERS (SPECIFY)												
TOTALS:												

Attachment D

Fulton County Employees' Retirement System
Ethics Policy

FULTON COUNTY
EMPLOYEES' RETIREMENT SYSTEM
INVESTMENT POLICY

Originally Adopted June 1991
Most Recently Amended September 2007

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I. PURPOSE OF POLICY

An investment policy statement is an important written document that clearly sets out the client's return objective and risk tolerance over the relevant time horizon along with applicable constraints such as liquidity needs, tax considerations, regulatory requirements, and unique circumstances. The client objectives and constraints, when considered in the light of capital market expectations, lead to the development of critical investment strategies, the most important of which is the asset allocation decision, but which may also include individual asset class optimization strategies. These strategies suggest the investment style characteristics of individual managers that are selected and how their performance should be monitored and evaluated. The investment policy is the linkage between client objective and the Investment Manager or managers. A properly developed investment policy supports long-term discipline and helps ensure against ad-hoc revisions in strategy when short-term results might otherwise create portfolio changes as a result of panic or overconfidence.

Source: CFA Institute

The purpose of the Fulton County Employees' Retirement System Investment Policy ("Investment Policy") is to provide direction to those responsible for managing the Fulton County Employees' Retirement System Pension Plan ("Plan") assets. This document sets out the governance responsibilities and operational policies established for the management of the Plan.

At all times, the assets of the Plan will be maintained in compliance with all appropriate laws governing the operation of the Plan, and its fiduciary standards, including but not limited to the following:

- Investments will be discharged solely in the interest of the Plan's participants and beneficiaries and for the exclusive purpose of providing benefits to the participants and their beneficiaries; and defraying reasonable expenses of administering the Plan.
- Investment fiduciary duties will be carried out with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person, acting in a like capacity and familiar with said matters would use in the conduct of an enterprise of a like character and with like aims, and;
- Investments will be diversified in order to minimize the risk of large losses unless under the circumstances it is clearly prudent not to do so.

Governance Standards

In order for the Plan to be managed effectively and efficiently, it is critical that sound governance structures be in place and vigorous disciplines exist for carrying out Plan activities. Governance standards have been established at three levels:

- Plan oversight -- establishing and periodically reviewing the Plan's policies.
- Plan financial management -- implementing investment policy and recommending appropriate changes.
- Plan operations -- administering, maintaining internal control procedures, monitoring investment and custody of assets, and providing analysis and information for decision-making, and reporting to the Board.

Understanding Among Various Functional Roles

This Investment Policy is intended to serve as a reference tool, an operating document and a communications link between the Board and its:

- new Board members,
- Investment Managers, and
- other professional advisors.

This Investment Policy document conveys not only the specific guidelines for action, but also the philosophical foundations for those guidelines.

Fiduciary Obligations

This Investment Policy records the conclusions reached by the Board, after a professionally-assisted, diligent process of study and evaluation, to arrive at the most suitable combination of investment risk level and rate of return which will satisfy the Plan's emerging obligations and Fulton County's likely future priorities for funding them.

Funding Requirements

a) Volatility of Required Contributions

The Board has reviewed the actuarial forecast of expected future funding requirements for the Plan and is satisfied that the Plan's investment policy need not be aggressive in order to produce future contributions required from Fulton County under Georgia Act No. 525 which will remain at an acceptable level. The Board realizes the desirability of having investment returns, which will support employee contributions at, or below the current percentage level and has factored this need into this investment policy statement.

b) Volatility of the Plan's Assets-to-Liabilities Ratio

The Board places a high priority on achieving and maintaining a strong ratio of funded assets to vested and accrued liabilities as the Plan moves forward in time.

II. ROLES AND RESPONSIBILITIES

The Plan

In this document, the term “Plan” refers to the pension plan sponsored by Fulton County (“County”), Georgia, which, as a result of a Resolution of the Board of Commissioners of Fulton County adopted at its regular meeting on September 11, 1991, and as subsequently amended, represents the consolidation of previous Plans sponsored by Fulton County.

The Board

In this document, “Board” refers to the Fulton County Employee’s Retirement System Board which governs the Plan, the membership of which is either appointed by the Fulton County Commission, elected by the active Plan participants, or serving ex-officio.

The Board is designated as the named fiduciary of the Plan and has the responsibility to control, manage and invest the assets of the Plan. In this capacity, the Board will have the authority to employ persons to render advice with respect to its responsibilities under the Plan. The Board will also appoint and discharge Investment Managers and custodians, invest any or all assets of the Plan, and designate persons other than named fiduciaries to carry out fiduciary responsibilities (other than trustee responsibilities) with regard to formulating and managing investment policies and managing and controlling the assets of the Plan.

The Board’s other responsibilities include:

- Establishing the Plan's investment policy.
- Monitoring of investment performance and compliance with this Investment Policy by third parties who have been given investment discretion over the Plan's assets.
- Appointment of custodians, investment advisors and managers whose expertise is deemed to be appropriate and necessary.
- Revising this investment policy to reflect changing conditions within the Plan, or to refine the policy in order to make it more effective.
- Establishing and periodically reviewing the appropriateness of the Plan’s asset allocation policy for participation in and commitment of funds to various asset classes.
- Appointing and reviewing the appointment of agents and advisors such as the Plan’s actuary, auditor, and investment consultant.
- Delegating specific responsibilities to the Director of Finance, i.e.
 - Maintaining liquidity to meet pension obligations
 - Meeting with Investment Managers
 - Evaluating and rebalancing assets including contributions and Plan cash flows between asset classes and Investment Managers within the ranges specified in the investment policy.
 - Managing the custodian banking relationships
 - Monitoring programs such as securities lending and commission recapture

The Director of Finance

In this document, the term “Director of Finance” refers to the Director of Finance of the Finance Department of Fulton County. The Director of Finance has been delegated day-to-day management responsibilities for Plan assets and the relationships with other agents and advisors. These responsibilities include authority to make and put into effect administrative and operational decisions with respect to the Plan and to reinvest Plan assets not allocated by the Board. The Director of Finance is a member of the Board and serves as Executive Secretary Treasurer for the Board and reports actions for the prior month at the next monthly meeting.

The Director of Finance’s responsibilities include:

- Complying with the investment policy.
- Making and executing all administrative and operational decisions dealing with the investment and reinvestment of all Plan assets, and all other administrative and operational decisions, including approving and paying invoices which are the responsibility of the Director of Finance.
- Evaluating and rebalancing the asset allocation of the Plan’s assets, as required.
- Allocating contributions and other Plan cash flows to Investment Managers or to other investment accounts established under the Plan.
- Maintaining liquidity to meet pension obligations.
- Meeting with Investment Managers and monitoring investment performance.
- Managing the custodial banking relationship.
- Monitoring other programs such as securities lending and directed brokerage programs.
- Monitoring Plan performance to assure that objectives are being met and that policies and guidelines are being followed.
- Reporting to the Board on all matters
- Notifying the Board of any and all fraudulent activities.
- Notify the Board of any special dispositions granted pursuant to page 22 within 30 days of granting said disposition.

The Custodian

In this document, “Custodian” refers to the organization appointed by the Board to perform the fiduciary functions of custodian for the Plan.

The custodian’s responsibilities include:

- Acknowledging fiduciary responsibility in writing with respect to the Plan.
- Complying with the investment policy.

- Fulfilling all the regular fiduciary duties required of a custodian by pertinent state and federal laws and regulations.
- Safekeeping the assets of the Plan in accordance with the Plan Agreement.
- Pricing all securities regularly and posting transactions daily.
- Maintaining short-term investment vehicles for investment of cash not invested by the managers and sweeping all manager accounts daily to ensure that all available cash is invested.
- Supplying timely reports of transactions and valuations of the assets.
- Making available a securities lending program to enhance income.
- Notifying the Board of any fraudulent activity.

The Investment Manager(s)

In this document, “Investment Manager” refers to the organization(s) appointed by the Board to invest and manage the assets of the Plan.

The Investment Manager(s) is responsible for:

- Acknowledging fiduciary responsibility in writing with respect to the Plan.
- Complying with the investment policy.
- Being currently registered and maintain registration as an investment advisor under the Investment Advisors Act of 1940, a bank (as defined in the Act), or an insurance company qualified to perform investment management services under the law of more than one state unless otherwise approved on an exception basis; and
- Being an SEC Registered Investment Advisor.
- Providing the Board with proof of liability and fiduciary insurance coverage (minimum of \$500,000).
- Determining the investment strategy within policy guidelines established by the Board.
- Managing, acquiring or disposing of the assets of the Plan pursuant to the Plan documents.
- Implementing security selection and timing within policy guideline limitations.
- Supplying timely written quarterly reports of investment performance results to the Director of Finance and/or members of the Board.
- Meeting with the Director of Finance and/or the Board at least once per year to review the performance and discuss current strategy.
- Notifying the Board and Director of Finance in writing of any material deviation from the stated investment approach.

- Notifying the Board of any fraudulent activity.
- Notifying the Board of any firm ownership or structure changes, financial irregularities, or changes in personnel.

The Investment Consultant

The investment consultant is responsible for:

- Acknowledging fiduciary responsibility in writing with respect to the Plan.
- Complying with the investment policy.
- Measuring and reporting the investment performance results on a quarterly basis.
- Evaluating the Plan on an ongoing basis.
- Monitoring the asset allocation for compliance within the policy ranges and as to the appropriateness of the current allocation policy.
- Reviewing the investment policy annually for appropriateness of current policy.
- Advising the Board as to the performance and continuing appropriateness of each Investment Manager.
- Monitor Investment Managers for compliance with stated style and firm changes, also for compliance with the investment policy.
- Recommending modifications to the investment policies, objectives, guidelines or management structure as appropriate to the Board.
- Keeping the Board and Director of Finance informed on current investment trends and issues.
- Notifying the Board of any fraudulent activities.
- Providing formal educational sessions to the Board.

III. ASSET ALLOCATION

The primary goal of pension investments is to ensure that pension liabilities are met when due. Plan assets should thus be invested in a manner that maximizes the probability of meeting pension liabilities. The target should be for Plan assets to remain above the present value of benefits earned by all plan participants as of the calculation date. The liability measure for this present value calculation is normally the Accumulated Benefit Obligation (ABO) as calculated under U.S. Government Financial Accounting Standard GAS 25.

In developing strategic asset allocation guidelines for the Plan, an emphasis is placed on the long-term characteristics of individual asset classes, and the benefits of diversification among multiple asset classes. Consideration is also given to the proper long-term level of risk for the Plan, particularly with respect to the following:

- The long-term nature of the Plan's liabilities.
- The current actuarial status of the Plan.
- The impact of asset allocation on investment results, and the corresponding impact on the volatility and magnitude of plan contributions and expense.

The secondary goal of Plan investments is to maximize long term investment return consistent with a reasonable level of risk. Investment return is defined as the sum of dividends, interest, and other net income, plus both realized and unrealized gains and losses, based on the market value of Plan assets net of all investment fees and expenses.

Legal requirements must, of course, be met in deciding how to invest Plan assets. Within these constraints, however, assets should be invested so as to provide for the solvency of the Plan over time and to maximize the investment return within a reasonable level of risk.

Investment Philosophy and Strategy

This document represents the conclusions and decisions made after a deliberate and focused review of the Plan's expected obligations and funding resources over a long range future period. The Plan's investments are designed to:

- Ensure the availability of funds for benefits as they become due
- Reduce the cost of the Plan's benefits to the County,
- Provide a funding resource for future enhancement of the Plan's benefits, and
- Insulate the Plan's assets against the deterioration of purchasing power caused by inflation.
- Maximize the total return subject to prudent risk-taking
- Diversify assets across and within capital markets

Although the Board will review investment performance and investing activities on a regular, periodic basis, the formation of judgments and the actions to be taken on those judgments will be aimed at matching

the emerging long-term needs of the Plan with the proven, long-term performance patterns of the various investment markets.

The Board recognizes that investment markets have repeatedly demonstrated broad performance cycles having two fundamental characteristics, which bear heavily on the Plan's expectations toward its future:

- The cycles cannot be accurately predicted as to either their beginning points, ending points, or their magnitude, and
- There is little or no relationship between market cycles and the convenient calendar periods commonly used in business for measurement and evaluation.

The Board will exercise due care at all times to adequately diversify Plan assets as it implements strategies to achieve the objectives for the Plan. A thorough due diligence will be conducted and documented in implementing specific investment strategies. Several philosophical beliefs underpin how the assets of the Plan should be structured. They are:

- Over the long term, equities are expected to outperform fixed income investments. Furthermore, the long term nature of the Plan's liabilities makes them well-suited to bear the added variability of return from equities in return for the greater long term expected return. Accordingly, the Plan's asset allocation will favor high allocations to equities unless circumstances warrant otherwise.
- A portion of the Plan's assets will be invested passively, however, the capital markets are sufficiently inefficient and the rewards are of sufficient magnitude to warrant pursuing some active management of the Plan's assets with the expectation of outperforming passive (index) alternatives over time.
- Foreign equities will diversify some of the volatility of the U.S. equity market while providing comparable long term returns and expanding the investment opportunities of the Plan.

Development of Long Term Asset Allocation Policy

An asset/liability study will be conducted periodically to determine an appropriate long term asset allocation policy designed to achieve the stated investment objectives.

Asset allocation decisions should be of a more strategic nature. Therefore, the Plan's asset allocation targets and ranges should be reviewed every three to five years. Some specific occurrences which might prompt the Board to undertake an earlier review include:

- Significant changes in Plan demographics, benefit design or actuarial methodology.
- Significant changes in the prospects for County revenue growth, for growth of the work force, or for growth of employee salaries.
- Significant changes in capital markets performance, the outlook for future asset class returns and/or the availability of acceptable new asset classes.
- The passage of relevant new legislation or regulations.

Specific asset allocation policy issues may be visited whenever the Board deems necessary.

Asset Classes to be Utilized

The Board has considered and accepted the use the following:

- (a) Domestic Stocks, including small, mid, and large market capitalization ranges.
- (b) International stocks including emerging markets.
- (c) U.S. Treasury Notes and Bonds, U.S. Government Agency Securities, Mortgage-Backed Securities*, and U.S. Corporate Notes and Bonds.
- (d) Other**

* Includes Non-Agency issues which are fully collateralized by Agency paper.

** Includes all other types of investments which are permitted under the Board's Enabling Resolutions, and Georgia law.

There should be a negligible permanent allocation to cash equivalents.

Long-Term Target Allocations

After significant study of long-term historical capital market performance, and professional consultation on the subject, the Board finds the following mixture of asset classes at the specified targets are likely to produce the desired appropriate long-term performance within tolerable short-term performance fluctuation levels over time.

The asset class targets based on market values are as follows:

Asset Class	Target
US Large Cap Equity	43%
US Small/Mid Cap Equity	12%
International Equity (unhedged)	10%
US Aggregate Fixed Income	35%
Cash and Other	0%

Allowable Ranges Around Target Allocations

The Board recognizes that a rigid asset allocation would be both impractical and, to some extent, undesirable under various possible market conditions. Therefore, the allocation of the Plan's total assets may vary from time to time within the following ranges, without being considered an exception to this investment policy.

It will be the policy of the Plan to invest assets in accordance with the maximum and minimum ranges for each asset class approved for investment. The asset allocation ranges established by this investment policy represent a long-term perspective. As such, rapid, unanticipated market shifts or changes in economic conditions may cause the asset mix to fall outside the policy range. These divergences should be of a short-term nature. The Director of Finance will be responsible for rebalancing aggregate Plan assets and ensuring that divergences are as brief as possible.

The ranges are based on the market value of assets and assume compliance with the state regulations.

Asset Class	Range
US Large Cap Equity	38% - 48%
US Small/Mid Cap Equity	7% - 17%
International Equity (unhedged)	7% - 13%
US Aggregate Fixed Income	30%- 40%
Cash and Other	0% - 5%

The book or cost value of total equity assets may not exceed 60% and international assets may not exceed 15% in compliance with the existing Public Retirement Systems Investment Authority Law (House Bill

617 and House Bill 318). Due to this restriction, the asset allocation will be managed in order to comply with the state law first and the targets specified above second.

At any point in time when one of the Plan's Investment Managers wishes to present what it considers compelling evidence for tactical, short-term allocation shifts which would cause the Plan's total asset allocation to fall outside the above ranges, the Board will generally consider such requests. However, the paragraph on Market Timing should be taken into consideration by the Board when reviewing such a request.

The Investment Consultant and the Director of Finance will be responsible for monitoring the asset allocation. An allocation outside of the permissible ranges for a consecutive 3 month period should result in a rebalancing. (Please refer to Section IV. for more information on rebalancing.)

IV. IMPLEMENTATION ISSUES

Allocations Among Different Investment Management Styles

In considering asset classes, the Board, with professional assistance, has concluded that different investment styles would provide a high degree of diversification for the Plan and expand the probability of achieving or exceeding the expected overall return results. As a result, the Board will generally strive for a relatively equal balance among the different active management styles which are considered non-core. However, there will be a bias toward equity styles which emphasize the large, highly liquid stocks over the small, less liquid companies and toward fixed income styles which favor liquid bonds over those which are less liquid.

Within the equity segment, the Board has agreed to invest in the following asset styles:

- (a) Large Capitalization Core (S&P 500 Index) - This is a passive management style which maintains a portfolio of all, or nearly all, of the 500 stocks which make up the index.
- (b) Large Capitalization Growth - This is an active management style which generally emphasizes earnings growth and expected return on equity, with little emphasis on dividends.
- (c) Large Capitalization Value - This is an active management style which generally concentrates on stocks characterized by above average yields, below average price/book ratios, strong balance sheet characteristics and free cash flow.
- (d) Small/Mid Capitalization Core - This is an active management style which concentrates in securities with small to mid range market capitalizations. This segment of the equity market provides for a more aggressive growth strategy which employs more risk with added return potential.
- (e) International Equity Core - This is an active management style accessed through the use of mutual fund vehicles. The assets may be managed on a bottom-up or top-down basis, employ currency hedging, and include emerging market country exposure.

Bonds will primarily be invested in an active strategy which will employ all legally permitted fixed investments which are allowed by this policy across all maturities. In the event the liability pattern changes, other strategies may be employed.

Manager Selection

The Board will hire competent registered professional Investment Managers to manage the assets of the Plan. No Investment Managers shall be hired who have not, by their record and experience, demonstrated their fiduciary responsibility, their investment expertise, their investment experience, and their capacity to undertake the mandate for which they are being considered.

The Board will conduct a thorough due diligence meeting before the appointment of any Investment Managers.

Manager Mandates

The Board will establish specific investment guidelines or mandates appropriate to each Investment Manager. These guidelines will account for the unique characteristics of the asset class, style, and

strategies of each manager and shall be agreed to by each Investment Manager managing Plan assets. These mandates shall set return targets, benchmarks, diversification standards and other matters appropriate to the specific mandates.

Manager Terminations

Investment Managers will be terminated whenever in the opinion of the Board:

- They have committed a significant or intentional breach of their mandate or directive, they have experienced the loss of key personnel, they have breached a fiduciary duty, or for any other reason they have lost the confidence of the Board.
- Their performance has been inconsistent with the expectations of the Board.
- Performance has not been acceptable. Generally, decisions based on performance will be made only after a full market cycle (3 to 5 years), although the period may be shorter when severe underperformance or other evidence exist that suggests inconsistencies between the Investment Manager's stated style and the characteristics of investments actually made.

The Investment Consultant will make clear recommendations to the Board on the terminations of Investment Managers.

Board's Attitude Toward Market Timing and Short-Term (Tactical) Allocation Shifts

The Board believes the Plan's Investment Managers should be allowed the opportunity to invest the Plan assets without undue interference. However, with this Policy, the Board is establishing a carefully determined level of market risk exposure, and the Investment Managers are specifically directed not to alter that exposure.

The Board has reviewed considerable evidence that the passage of time causes the greatest rewards to accrue as a result of consistent investing approaches, and that the Plan's risk exposure could become unpredictable without careful adherence to asset allocation guidelines. It is not the intention of this policy to allow short-term judgments to introduce significant unplanned risk, or, conversely, to reduce intended market risk exposure. Accordingly, the Board recognizes that the mandates of this policy will occasionally appear to be either too risky or too conservative for current market conditions (depending upon the observer's viewpoint). However, the Board also recognizes that experts rarely agree about the near term direction of the capital markets, and that the use of short term timing strategies has generally proven to be a poor guide for action, especially regarding a matter so significant as funding long term pension liabilities.

Unallocated Cash

The Board will generally attempt to see that the Plan's assets include a cash reserve sufficient to pay benefits due within a reasonable future period. Therefore, any Investment Manager performing under this policy is not expected to accumulate a significant cash position, without prior approval of the Board, unless the basic investing style of that manager includes a routine, temporary use of instruments having a maturity of less than one year (and the Board has been informed and agreed to the use of that style element in advance). In general, "significant" means more than 10% of the value of assets under a particular manager's control.

Rebalancing Among Asset Classes and Management Styles

Because different asset classes and investing styles will perform at different rates, the Director of Finance will monitor the asset allocation shifts caused by performance. Accordingly:

- (1) The Director of Finance will review the relative market values of the asset segments, whenever there is to be a net contribution to the Plan and will generally place the new money under investment in the category(ies) which are farthest below the target allocations in this policy, and
- (2) To the extent that adequate rebalancing among asset categories cannot be effected via the allocation of new contributions, the Director of Finance may redirect assets from one manager to another, if necessary to avoid violating the target ranges in this policy.

Securities Lending

The Custodian will make available a securities lending program with the objective of providing additional income to the Plan at an acceptable level of risk. The Director of Finance and the Board will be responsible for reviewing the terms of any agreement. Unless otherwise specified in the agreement:

- All loans shall be marked-to-market daily.
- Collateral on each loan shall be maintained daily at 102% of loan value for domestic securities and 105% of loan value for international securities.
- Acceptable collateral shall be in the form of marketable fixed income securities with maturities not greater than one year, including:
 - United States Treasuries and Agencies.
 - Commercial Paper rated A1 or P1.
 - Certificates of Deposit and Bankers Acceptance of U.S. Banks.
 - Floating Rate Notes of U.S. Issuers.

If rated, borrowers shall be rated AA, Aa or higher by Moodys or Standard & Poors. The Director of Finance will monitor the program on a quarterly basis. Terms of the agreement will be periodically reviewed in order to determine its appropriateness.

Commission Recapture

A commission recapture program has been implemented with approval from the Board with the objective of reducing net transaction costs incurred by the managers in executing trades by recapturing brokerage commissions for the Plan. In addition to providing lower overall brokerage costs, managers participating in the program will also be expected to provide the 'best execution' of trades. The Director of Finance will monitor the program on a quarterly basis. Terms of the agreement will be periodically reviewed in order to determine its appropriateness.

Targeted recapture ratios will be determined by the Board and may vary depending on asset class. All managers must notify the Board and Director of Finance if not able to comply. This list will be reviewed periodically in order to determine its appropriateness.

Proxy Voting

Investment Managers have the responsibility for voting proxy issues on securities held. All proxies will be voted exclusively for the best interests of the Plan and their participants. Managers will maintain written policies for proxy voting and keep a proper record of all proxies to which the Plan is entitled. The Director of Finance monitors semi-annually how proxies have been voted, and will periodically evaluate manager proxy voting policies, procedures and guidelines.

V. PERFORMANCE OBJECTIVES

Standards of Performance

In consideration of the Plan's investment goals and objectives, several standards will be utilized in evaluating investment performance. These standards reflect several aspects of investment performance, including the specific objectives for the mandate, the market indices, and the performance of other Investment Managers.

The Board recognizes that Investment Managers must use the broad capital markets as their basic tools for investing and that a substantial portion of investment returns will not be attributable to management skills, but rather to the markets themselves. However, the Board expects active Investment Managers to add value to the broad markets' returns, net of fees. Accordingly, the Board will consider performance of active Investment Managers to be adequate, if index-based value-added performance margins are achieved, net of fees, according to individual targets and time horizons stated in the "Manager Supplements" which can be found in (and are an integral part of) the Appendix to this Policy.

The Board will evaluate the performance of the Plan and investment advisors over a complete market cycle, and/or rolling three-year and five-year time periods. In cases where new Investment Managers are hired, the manager and Board will agree upon the inception date and benchmarks for measurement of performance in advance.

Performance Objectives

The Board will evaluate the quarterly performance reports provided by the investment consultant. The performance objectives are to be used as a basis for reviewing and monitoring a particular manager, not as an absolute measure that requires manager termination if they are not achieved. The performance objectives of the total Plan and Investment Manager are as follows:

Total Plan

The performance of the total Plan (net of fees) will be compared to a balanced index constructed as follows:

<i>Index</i>	<i>Percentage Weight</i>
S&P 500	43%
Russell 2000	12%
MSCI ACWI ex US	10%
Lehman Brothers Aggregate	<u>35%</u>
Total	100%

The weighting of the balanced index corresponds to the targeted strategic allocation to each asset class. For performance calculations, the weightings of the Balanced Index shall be readjusted quarterly.

Investment Managers

The following table lists the market index benchmarks and manager universe comparisons for each asset category. The Investment Managers are expected to produce total returns, net of fees, that exceed their benchmark and that rank above the median in performance of the manager universe listed over a three- to five-year period. Volatility of returns should be commensurate with stated expectations.

<u>Investment Manager</u>	<u>Market Index Benchmark</u>	<u>Manager Universe</u>
Large Cap Core	S&P 500 Index	Large Capitalization Core
Large Cap Value	Russell 1000 Value Index	Large Capitalization Value
Large Cap Growth	Russell 1000 Growth Index	Large Capitalization Growth
Small Cap Core	Russell 2000 Index	Small Capitalization Core
International	MSCI ACWI ex US Index	International Equity Core
Domestic Fixed Income	Lehman Aggregate Index	Domestic Fixed Income
Real Estate	NCREIF Index	Domestic Real Estate

VI. OPERATIONAL GUIDELINES

General

The Investment Managers shall exercise due care at all times to adequately diversify their portfolio to protect against any loss associated with a single security, issuer, or single event. Assets are to be managed in conformity with the stated investment guidelines unless, in the manager's opinion, to do so would clearly be imprudent. The Investment Managers shall notify the Board and Director of Finance in writing immediately of any deviations from the investment guidelines.

Exemptions

Although the following vehicles are expected to comply with “the spirit “ of this investment policy, they are exempt from the provisions of this policy and as such the prospectus and/or appropriate fund documents will replace this policy as the legal governing document for such funds:

- mutual funds,
- commingled funds,
- group trusts, and
- common trust funds.

Managers shall notify the Board and Director of Finance in writing immediately of any cases where the operational guidelines for these vehicles conflict with the provisions of this investment policy.

Number of Managers to Be Used

In order to improve overall portfolio performance and further reduce risk, the Board has recommended the use of multiple Investment Managers.

Management of Investment Risks

The investment risks that a manager introduces in managing a portfolio can be grouped into two broad categories: benchmark sensitivity risk and security selection risk. The first risk category relates to portfolio return volatility relative to that of its benchmark. The second risk category relates to the manager's active portfolio construction decisions (i.e., industry and security selection and concentration, and other attributes like financial characteristics).

All managers are expected to adhere to the standards listed in the Georgia Code in addition to the following standards. The investment mandate for each manager will also include ranges within which portfolio returns may be expected to deviate from those of the benchmark under normal conditions based on the manager's unique style of management. These ranges, together with the manager's return target, will become part of the performance evaluation and review standards.

Standards	Equities	Fixed Income
Minimum Diversification (a) Single security issue (b) Single economic sector group (c) Corporate issuer	(a) Maximum 5%* (b) +/- 2 times sector weight*	(a) Maximum 5%* (25% for any U.S. Government Treasury and Agency security) (b) Maximum 15%* (except U.S. Govt.) (c) Maximum of 5% per corporate issuer, excluding agencies
<i>*Percentages relate to the market value of any single Investment Manager's portfolio (not to the total Plan) and are based on manager's benchmark.</i>		
Minimum Liquidity	(a) Traded daily on one or more major national exchanges (including NASDAQ) (b) \$100 million or more of market capitalization	Remaining outstanding principal value of the issue must be (and remain) at least \$30 million, without Board approval.
Minimum Quality	(a) At least 5 years of (publicly held) earnings history**, unless the Investment Manager's routine style includes use of shares with limited or no public market history (disclosed in Manager's Supplement to this Policy). (b) Profitable (from continuing operations) in at least 3 of last 5 years, unless the Board approves purchase/holding.	Quality ratings: Minimum: S&P: A Moody's: A Expected Average: S&P: AA Moody's: AA Securities which are downgraded below the policy minimum must be liquidated. The manager has discretion regarding timing, but in no event will the liquidation exceed 30 days from the date of the downgrade.
Maximum portfolio turnover	30% quarterly average per year	20% quarterly average per year
<i>** Either as a stand-alone company, or as a separately identifiable subsidiary, division, or line of business.</i>		

Standards	Equities	Fixed Income
Bond Maturities		(a) Minimum (single issue) maturity: None, but maturities under 12 months will be viewed as 'cash' under this policy (b) Maximum remaining term (or estimated term) to maturity (single issue) at purchase: 30 years (c) Maximum duration: +/- 1 year of Benchmark Index
Prohibited Categories	(a) New issues*** (b) Short sales or "naked options" (c) Margin purchases (d) Issuer related to the Investment Manager (e) Restricted stock (f) Writing of covered call options (g) Futures contracts (unless designed to manage risk exposure) (h) Foreign securities, not including ADRs (American Depository Receipts) (i) REITs	(a) Issues related to Investment Managers (b) Issues traded flat (not accruing interest) (c) Interest-only (stripped) instruments (d) Non-rated paper/private placements and revenue bonds (e) Derivative instruments (unless designed to manage risk exposure) (f) Foreign securities, unless specifically exempted from Georgia state law (g) Real estate (h) Convertible debt
Special Categories Permitted	(a) Convertible debt	(a) Bond swaps (b) Zero-coupon instruments (c) Principal-only (stripped) instruments (d) Canadian bonds
Securities which no longer meet the guidelines	Any security which, after purchase, fails to meet the policy guidelines must be sold within 30 days, unless the manager requests and receives special approval from the Director of Finance for a longer period in which to bring the portfolio back into policy compliance.	Any security which, after purchase, fails to meet the policy guidelines must be sold within 30 days, unless the manager requests and receives special approval from the Director of Finance for a longer period in which to bring the portfolio back into policy compliance.
Written Reports to the Board	At least quarterly	At least quarterly
<p>*** New issues" are generally defined as Initial Public Offerings by companies which have never been publicly traded, either directly or indirectly.</p>		

Derivatives Investment Policy

Derivatives are financial instruments whose value is derived from the value of another asset, such as stocks, bonds, currency, indices or commodities. Derivatives permit multiple risks often bound together in traditional investment instruments to be separated and managed independently, thereby allowing for more efficient management of portfolio risk, the possible achievement of increased returns and/or the opportunity to reduce transaction costs.

In general, the following uses of derivatives are approved for portfolio management purposes, although specific written permission must be granted to each manager on a case-by-case basis in formal written guidelines.

- As an essential element of risk control
- To facilitate duration management
- As a substitute for physical investing

Before a derivative security or derivative strategy is used by an investment manager, one or more of the following benefits must be demonstrated to the Committee:

- Increased liquidity
- Stabilized and enhanced portfolio returns
- Lower transaction costs, including market impact costs
- Reduction in the time required to change the mix of the portfolio

Derivative securities or strategies that do not comply with the basic investment objectives of this Policy (i.e. an emphasis on the preservation of principal consistent with conservative growth of assets) are not permitted. Managers are specifically prohibited from using derivative or synthetic securities whose characteristics as implemented by the manager include potentially high price volatility and whose returns are speculative or leveraged (when considered together with liquid/short term securities positions) or whose marketability may be severely limited.

Mortgage Derivatives

Investment in derivative securities known as Collateralized Mortgage Obligations (CMOs) shall be limited to a maximum of 15% of an account's market value with no more than 5% in any one issue, and shall be collateralized by GNMA, FNMA, or FHLMC mortgages only. Securities must comply with the following guidelines:

Cash Flow: The cash flows of a security will be such that its effective maturity will vary by no more than five years and will remain within the parameters established under moves of ± 300 basis points in interest rates and a minimum prepayment assumption of 100 PSA. Bloomberg's median dealer prepayment estimates shall be used as the baseline expectations for prepayment changes under all scenarios.

Yield: The expected yield of a security will be such that a positive option adjusted spread over Treasuries will be earned under moves of ± 300 basis points in interest rates and a minimum prepayment assumption

of 100 PSA. Bloomberg's median dealer prepayment estimates shall be used as the baseline expectations for prepayment changes under all scenarios.

Liquidity: The security must be sufficiently liquid such that at least two dealers will quote prices on request. Its cash flows must be modeled on the Bloomberg and one of either the "Capital Management Sciences" or the "Impact" systems.

VII. EVALUATION AND REVIEW

Review of Investment Managers

The Investment Managers will discharge their responsibilities with respect to that portion of the Plan's assets under their management in accordance with fiduciary responsibility provisions.

The Board will continuously monitor its Investment Managers and review performance at least quarterly. The Board's ongoing performance monitoring will emphasize, but not be limited only to, the following:

- Each manager's adherence to their guidelines
- Comparison of manager results to appropriate peer groups
- Material changes in the manager's organization, such as philosophy and personnel changes, acquisition or loss of major accounts, control change, etc.

Frequency of Meetings

The Board expects to meet with each of the Plan's Investment Managers (perhaps excluding the market index manager) annually, but not normally more often, unless there is a special agenda.

Manager's Adherence to Their Published Investing Style

As stated in other parts of this policy, the Board will have little or no tolerance for an inconsistent investment approach. Therefore, the Board will carefully monitor their Investment Managers on several key indicators of possible inconsistency:

- (a) Changes in portfolio managers
- (b) Surges in portfolio trading volume
- (c) Break in continuous evidence that actual portfolio characteristics follow published investing style
- (d) Performance patterns not logically explainable in terms of the published style or performance out-of-step with manager's style peer group.

None of these indicators will be taken as conclusive evidence of inconsistency. Such a finding would be based upon the facts and circumstances of each situation.

Expected Interim Progress Toward Multi-Year Objectives

The Board will follow its time horizons, as set forth in this policy amendment, when making judgments about indications of inferior performance. However, Investment Managers for the Plan should be advised that the Board intends to track the interim progress toward multi-year goals. If there is a clear indication that performance is so substandard that reasonable hope of recovery to the policy's target level in the remaining time horizon period would require either high risk or good fortune, then the Board will not feel constrained by this policy to avoid an "early" decision to take corrective action.

In the case of material guideline exceptions, the manager will be required to bring the portfolio into immediate compliance.

Watch List

The Watch List is a mechanism used by the Board to express its general discomfort with or loss of confidence in an investment management firm. Discomfort may be caused by deficiency in performance, departure of key personnel, material changes in managed assets and clients, financial instability, change in organizational or ownership structure, consultant downgrade, investment strategy or style deviation, contravention of any term or condition of the Investment Management Agreement or any other issue believed to undermine the Board's confidence in the Investment Manager.

Based on criteria that are indicators of legitimate relationship and investment performance problems, both qualitative and quantitative criteria of the Investment Manager shall be monitored on an ongoing basis.

Qualitative criteria include the Investment Manager's business, people, investment process and consultant downgrade in research rating. Non compliance with qualitative criteria will trigger a due diligence review and may lead to a recommendation to Watch List or terminate the Investment Manager. Specific quantitative performance expectations criteria, net alpha and tracking error targets, will be developed for each Investment Manager and will also encompass portfolio characteristics, legal, regulatory or compliance issues. Quantitative analysis of performance will focus on the following:

- 1-year excess return (net of management fees) versus the benchmark outside 90th percentile confidence level will trigger a due diligence review.
- 3-year net excess return versus the benchmark outside 67th percentile confidence level will trigger due diligence review and recommendation to the Board, which may lead to a Watch List or termination recommendation.
- Cumulative annualized performance (net of fees) over a three-year period less than 90% of the value of the benchmark return.
- 5-year net excess return under target net alpha will trigger a due diligence review, and may lead to a Watch List or termination recommendation.

Violations of any quantitative and qualitative criteria will trigger an automatic due diligence review, which may lead to placement on the Watch List or termination. A firm placed on the Watch List will remain on the Watch List for at least two consecutive quarters. A firm may be removed from the Watch List at the discretion of the Board. The Watch List Policy does not limit the Board's ability to retain or terminate the Investment Manager. Any Investment Manager on the Watch List may be restricted from receiving additional funding by the Board. If the Board determines (with advice from the consultant) the manager is unlikely (without style drift) to meet the requirements, the manager will be terminated.

VIII. POLICY MODIFICATION AND REVISION

Frequency of Policy Review

The Board may use their periodic investment performance evaluations as occasions to consider whether any elements of the existing policy are either insufficient or inappropriate. Key occurrences which could result in a policy modification include:

- (a) significant changes in expected patterns of the Plan's liability stream
- (b) impractical time horizons
- (c) changes in applicable governing laws
- (d) convincing arguments for changes presented by Investment Managers
- (e) areas found to be important, but not covered by policy
- (f) long-term changes in market trends and patterns that are materially different from those used to set the policy.

The Board views this investment policy on the one hand as the basic tool for the execution of a long range investing program, and on the other hand as a dynamic document which is responsive to any needs for fundamental or minor change. In summary, the Board recognizes that a potentially damaging inconsistency would likely occur if investment policy undergoes significant modifications over relatively short periods, or if it is overridden in an attempt to "react" to current market conditions from time to time.

The investment consultant will review the investment policy statement annually and make formal recommendations to the Board regarding any changes. Investment Managers will be notified of revisions to the policy and will be expected to adopt the policy by signing the Policy Adoption form.

IX. POLICY ADOPTION

This policy document was adopted by the Board on September 12, 2007.

Investment Manager's Acknowledgements:

I (we) have received this copy of the Plan's investment policy. I (we) have studied its provisions and believe that I (we) can both abide by its restrictions and fulfill its goals and expectations over the timetables set forth in the policy.

Firm Name

Portfolio Manager

Date

Actuarial Valuation
as of January 1, 2009
Fulton County Employees Retirement System

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April 2, 2009

January 1, 2009 Actuarial Valuation of the Fulton County Employees Retirement System

This report presents the results of our actuarial valuation of the Fulton County Employees Retirement System as of January 1, 2009. The purposes of this report are to provide a summary of the funded status of the plan as of January 1, 2009, to determine the minimum required contribution amount for fiscal 2009, and to satisfy financial reporting and disclosure requirements. In addition, this report provides a record of actuarial assumptions and methods and plan amendments affecting the financial status of the Plan. We used census data and financial information provided by Fulton County to prepare this valuation.

Information for periods before January 1, 2008 is shown in this report for comparison purposes. We have relied solely on actuarial valuation reports prepared by Deloitte Consulting, LLC for all such information.

Summary of Valuation Results

The minimum employer contribution under O.C.G.A. Section 47-20-10 for 2009 is \$43,008,000. The 2008 minimum contribution was \$33,836,000.

Actuarial Experience

For the year ending December 31, 2008 the actual return on the market value of assets was approximately -24%. To reduce the volatility in costs due to year-to-year fluctuations in market value, an actuarial value of assets is determined by spreading investment gains and losses over a five-year period. For the year ending December 31, 2008, the return on actuarial value of assets was approximately 2%.

The net actuarial loss for 2008 from all sources was \$98.5 million.

Actuarial Assumptions

The assumed rate of return for the plan was changed from 8.2% to 8.1% to better reflect anticipated investment performance.

The salary scale for future service was changed from 4.0% for all years to calendar year rates of 0.0% in 2009, 2.0% from 2010 to 2014, and 4.0% thereafter. This change reflects both the near-term economic outlook and the demographic characteristics of the population.

Changes in Plan Benefit Provisions

The only change to plan benefit provisions was an increase in the minimum monthly retirement benefit for Members retiring after February 1, 2008 under the Fulton County General Employees Pension Act, the Fulton County Judges and Solicitors' General Retirement Fund, the Public Safety Fund, the 1982 and 1991 Laws from \$440 to \$460. This change had no effect on liabilities. Table XI summarizes the plan provisions used in the valuation.

Certification

Based on the participant census data and plan asset information received from Fulton County, it is my opinion that the plan's funding meets the requirements of the Georgia Public Retirement Systems Standards Law (Code Section 47-20-10). Our valuation has been prepared in accordance with Statements 25 and 27 of the Governmental Accounting Standards Board.

The actuarial assumptions used to value the Plan are, individually and in the aggregate, reasonable and in combination represent our best estimate of anticipated experience under the Plan.

Based on the foregoing, the cost results and actuarial exhibits presented in this report were determined on a consistent and objective basis in accordance with applicable Actuarial Standards of Practice and generally accepted actuarial procedures. They fully and fairly disclose the actuarial position of the Plan based on the employee and asset data submitted.

Fulton County Employees Retirement System
April 2, 2009

I certify that I am a Member of the American Academy of Actuaries and meet its qualification standards for issuing this Statement of Actuarial Opinion.



Andrew C. Stratton, FSA, EA, MAAA
Principal

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SUMMARY OF VALUATION RESULTS**Table I**

	<u>1/1/2009</u>	<u>1/1/2008</u>
Number of Participants		
Active Participants	1,441	1,625
Inactive Participants not in Receipt of Benefits	44	46
Inactive Participants in Receipt of Benefits	<u>2,670</u>	<u>2,562</u>
Total Participants	4,155	4,233
Valuation Payroll (\$1,000s)	\$ 78,184	\$ 80,266
Plan Assets (\$1,000s)		
Market Value of Plan Assets	\$ 880,212	\$ 1,205,290
Actuarial Value of Plan Assets	\$ 1,175,299	\$ 1,193,724
Unfunded Actuarial Accrued Liability (\$1,000s)	\$ 265,825	\$ 190,118
UAAL as % of Actuarial Value of Assets	22.6%	15.9%
Minimum Required Contribution (\$1,000s)		
Normal Cost	\$ 6,361	\$ 7,433
Amortization Payments	33,424	23,839
Interest Adjustment	<u>3,223</u>	<u>2,564</u>
Total	\$ 43,008	\$ 33,836
Minimum Required Contribution (as a % of Valuation Payroll)		
Normal Cost	8.1%	9.3%
Total	55.0%	42.2%
GASB Statement No. 27 Items (\$1,000s)		
Net Pension Obligation	\$ (49,332)	\$ (49,677)
Annual Pension Cost	\$ 43,537	\$ 34,438

ACCOUNTING DISCLOSURES (GASB 25/27)**Table II**

GASB 27 defines annual pension cost as the Annual Required Contribution (ARC) plus one year's interest on the Net Pension Obligation (NPO) offset by an adjustment to the ARC. The ARC is calculated in the same manner as the Plan's O.C.G.A. Section 47-20-10 minimum contribution.

The NPO is the cumulative difference between employer contributions with interest and the annual pension cost.

The adjustment to the ARC is equal to a 15-year amortization of the NPO as a level dollar amount, consistent with the amortization of actuarial gains and losses included in the ARC.

<u>Net Pension Obligation (Asset) (\$1,000s)</u>	<u>2008</u>	<u>2007</u>
(a) Annual Required Contribution (same as minimum contribution requirement)	\$ 33,836	\$ 38,895
(b) Interest on Net Pension Obligation (Asset)	(4,074)	(4,095)
(c) Adjustment to Annual Required Contribution	<u>4,676</u>	<u>4,808</u>
(d) Annual Pension Cost	\$ 34,438	\$ 39,608
(e) Employer Contributions with Interest	\$ 34,093	\$ 39,352
(f) Increase in NPO: (d) - (e)	\$ 345	\$ 256
(g) NPO, beginning of year	\$ (49,677)	\$ (49,933)
(h) NPO, end of year: (f) + (g)	\$ (49,332)	\$ (49,677)
<u>Annual Pension Cost</u>	<u>2009</u>	<u>2008</u>
(a) Annual Required Contribution (same as minimum contribution requirement)	\$ 43,008	\$ 33,836
(b) Interest on NPO	(3,996)	(4,074)
(c) Adjustment to Annual Required Contribution	<u>4,525</u>	<u>4,676</u>
(d) Annual Pension Cost	\$ 43,537	\$ 34,438

ACCOUNTING DISCLOSURES (GASB 25/27)**Table II****Additional Information**

Valuation date	January 1, 2009	
Actuarial cost method	Entry Age Normal, level percentage of pay	
Amortization method	Level dollar, fixed	
Amortization period	15 years for experience gains/losses 30 years for other changes in actuarial liability	
Asset valuation method	Smoothed Market Value (5-year smoothing)	
Investment rate of return	8.10%	
Assumed salary increases	<u>Year</u>	<u>Rate</u>
	2009	0.00%
	2010-2014	2.00%
	2015 & after	4.00%

Trend Information

<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation (Asset)</u>
12/31/2002	\$ 20,806	103.3%	\$ (50,354)
12/31/2003	\$ 28,256	95.8%	\$ (59,164)
12/31/2004	\$ 30,938	100.1%	\$ (50,477)
12/31/2005	\$ 33,680	99.6%	\$ (50,352)
12/31/2006	\$ 37,906	98.9%	\$ (49,933)
12/31/2007	\$ 39,608	99.4%	\$ (49,677)
12/31/2008	\$ 34,438	99.0%	\$ (49,332)

ACCOUNTING DISCLOSURES (GASB 25/27)

Table II

Schedule of Funding Progress (\$1,000s)

Date	(1)	(2)	(3)	(4)	(5)	(6)
	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (2) – (1)	Funded Ratio (1) ÷ (2)	Covered Payroll	UAAL as % of Covered Payroll (3) ÷ (5)
12/31/1998	\$ 753,441	\$ 949,580	\$ 196,139	79.3%	\$ 220,725	88.9%
12/31/1999	800,077	876,240	76,163	91.3%	149,255	51.0%
12/31/2000	895,540	893,165	(2,375)	100.3%	143,983	-1.6%
12/31/2001	954,545	984,425	29,880	97.0%	140,787	21.2%
12/31/2002	1,004,253	1,085,354	81,101	92.5%	140,931	57.5%
12/31/2003	1,018,979	1,149,383	130,404	88.7%	120,074	108.6%
12/31/2004	1,038,201	1,232,491	194,290	84.2%	115,284	168.5%
12/31/2005	1,064,825	1,277,972	213,147	83.3%	104,909	203.2%
12/31/2006	1,116,451	1,331,658	215,207	83.8%	98,882	217.6%
12/31/2007	1,193,724	1,383,842	190,118	86.3%	80,266	236.9%
12/31/2008	1,175,299	1,441,124	265,825	81.6%	78,184	340.0%

Schedule of Contributions (\$1,000s)

Year Ended	County			DFACS		
	Annual Required Contribution	Employer Contribution	Percentage Contributed	Annual Required Contribution	Employer Contribution	Percentage Contributed
12/31/1998	\$ 31,154	\$ 35,603	114.3%	\$ 1,149	\$ 1,313	114.3%
12/31/1999	44,608	31,792	71.3%	1,859	1,325	71.3%
12/31/2000	29,772	30,417	102.2%	1,635	1,670	102.1%
12/31/2001	13,839	15,261	110.3%	946	1,047	110.7%
12/31/2002	19,547	19,801	101.3%	836	840	100.5%
12/31/2003	25,854	24,895	96.3%	1,148	1,105	96.3%
12/31/2004	28,881	30,089	104.2%	897	935	104.2%
12/31/2005	31,953	31,472	98.5%	773	761	98.4%
12/31/2006	36,405	35,353	97.1%	676	658	97.3%
12/31/2007	38,367	37,289	97.2%	528	513	97.2%
12/31/2008	33,411	32,339	96.8%	425	411	96.7%

NORMAL COST AND MINIMUM CONTRIBUTION**Table III**

Normal Cost	<u>2009</u>	<u>2008</u>
Normal cost for service retirement benefits	\$ 8,302	\$ 9,612
Normal cost for disability, withdrawal, and death benefits	<u>2,127</u>	<u>2,330</u>
Total normal cost prior to changes	\$ 10,429	\$ 11,942
Increase due to plan changes	<u>-</u>	<u>-</u>
Normal cost after changes	\$ 10,429	\$ 11,942
Allowance for expenses	<u>500</u>	<u>500</u>
Total normal cost payable January 1	\$ 10,929	\$ 12,442
Less expected employee contributions	<u>(4,568)</u>	<u>(5,009)</u>
Employer normal cost payable January 1	\$ 6,361	\$ 7,433
Valuation payroll	78,184	80,266
Employer normal cost as a percentage of valuation payroll	8.1%	9.3%

Minimum Contribution

The minimum contribution determined in compliance with O.C.G.A. 40-20-10 is as follows (\$1,000s):

	<u>2009</u>	<u>2008</u>
Normal cost	\$ 6,361	\$ 7,433
Amortization charges	33,424	23,839
Interest to December 31	<u>3,223</u>	<u>2,564</u>
Minimum contribution before application of credit balance	\$ 43,008	\$ 33,836

UNFUNDED LIABILITY BASES

Table IVa

Description	Original Amount	Date Established	Balance 1/1/09	2009 Amortization	Years Remaining 1/1/09
Unfunded Liability	\$ 29,880	1/1/2002	\$ 27,602	\$ 2,482	23
2002 Experience Loss	69,965	1/1/2003	51,260	7,622	9
Change in Assumptions	15,253	1/1/2003	14,294	1,266	24
Change in AVA Method	(32,639)	1/1/2003	(30,595)	(2,711)	24
2003 Experience Loss	52,121	1/1/2004	40,988	5,676	10
2004 Experience Loss	38,649	1/1/2005	32,317	4,208	11
Change in Assumptions	32,631	1/1/2005	31,374	2,708	26
2005 Experience Loss	26,847	1/1/2006	23,682	2,922	12
Change in Plan Provisions	2,669	1/1/2007	2,623	222	28
2006 Experience Loss	8,691	1/1/2007	8,035	946	13
2007 Experience Gain	(14,742)	1/1/2008	(14,208)	(1,604)	14
2008 Experience Loss	98,485	1/1/2009	98,485	10,709	15
Change in Assumptions	(12,317)	1/1/2009	(12,317)	(1,022)	30
Net Amount	\$ 315,493		\$ 273,540	\$ 33,424	
Less Credit Balance			\$ (7,715)		
Unfunded Actuarial Liability			\$ 265,825		

UNFUNDED ACTUARIAL ACCRUED LIABILITY**Table IVb**

All amounts in \$1000s	<u>1/1/2009</u>	<u>1/1/2008</u>
Actuarial Accrued Liability		
Inactive Members in Receipt of Benefits	\$ 988,976	\$ 907,030
Other Members	<u>452,148</u>	<u>476,812</u>
Total	\$ 1,441,124	\$ 1,383,842
Actuarial Value of Assets	\$ 1,175,299	\$ 1,193,724
Unfunded Actuarial Accrued Liability	\$ 265,825	\$ 190,118
Actuarial (Gain) Loss		
UAAL as of Prior January 1	\$ 190,118	\$ 215,207
Prior Year Normal Cost	7,433	10,497
Interest through December 31	16,199	18,508
Less Employer Contributions with Interest	<u>(34,093)</u>	<u>(39,352)</u>
Expected UAAL as of December 31	179,657	\$ 204,860
Effect of Change in Actuarial Assumptions	(12,317)	-
Less Unfunded Actuarial Accrued Liability	<u>(265,825)</u>	<u>(190,118)</u>
Actuarial Gain (Loss)	\$ (98,485)	\$ 14,742

DEVELOPMENT OF CREDIT BALANCE**Table IVc**

The credit balance is the accumulation of employer contributions in excess of the minimum annual employer contribution required under Georgia Statutes Section 42-20-10 after January 1, 1984. The credit balance includes interest on these excess contributions.

	<u>1/1/2009</u>	<u>1/1/2008</u>
Credit Balance at Prior January 1	\$ 6,895	\$ 5,950
Employer Contributions	32,750	37,802
Less contribution requirement per Section 47-20-10 before application of credit balance	(33,836)	(38,895)
Interest to End of Year	<u>1,908</u>	<u>2,038</u>
Credit balance at January 1	\$ 7,717	\$ 6,895

PRESENT VALUE OF ACCRUED BENEFITS

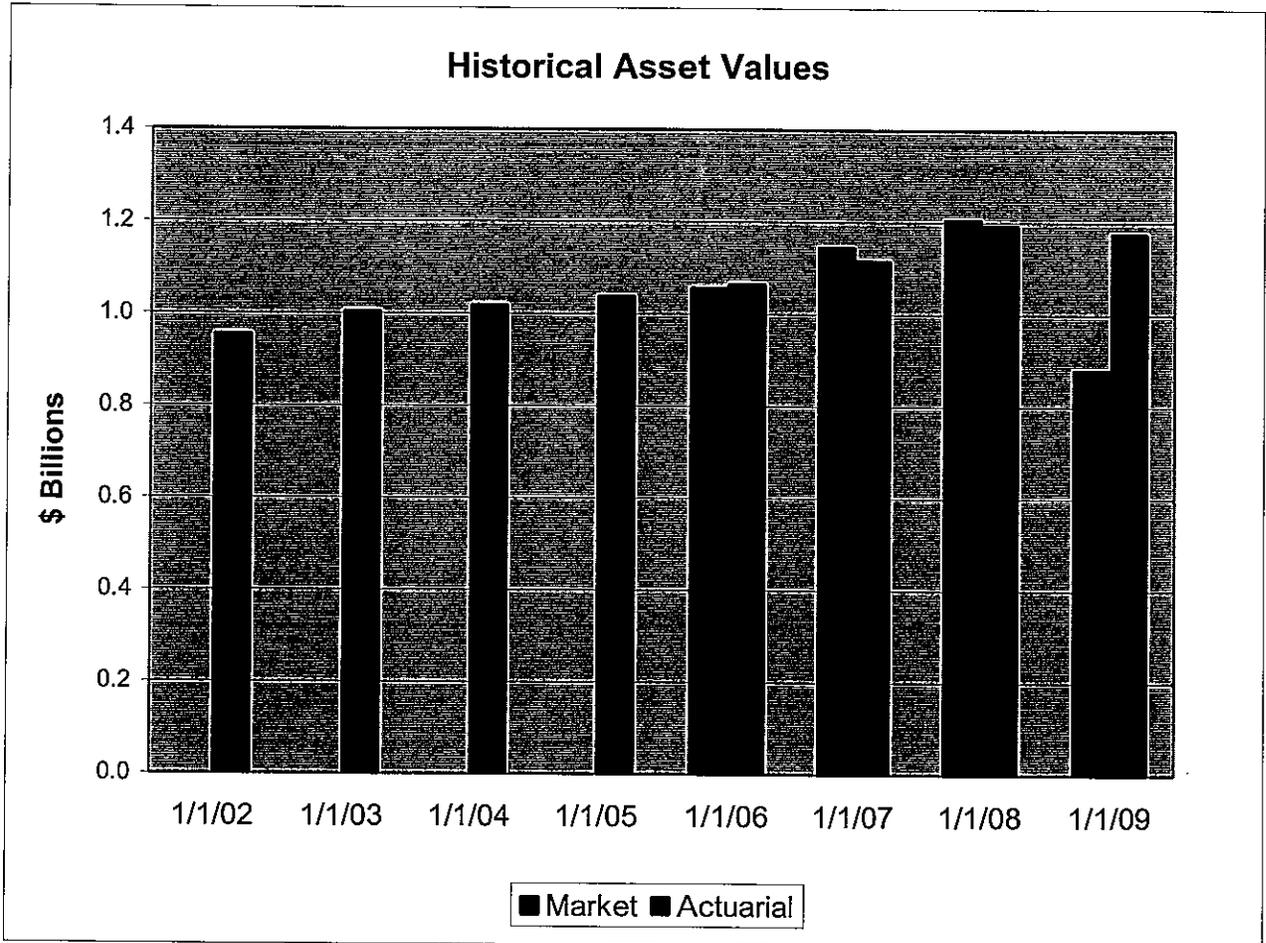
Table V

	<u>1/1/2009</u>	<u>1/1/2008</u>
Actuarial Present Value of Accrued Benefits (\$1,000s)		
Vested Benefits:		
Inactive Members in Receipt of Benefits	\$ 988,976	\$ 907,030
Other Members	<u>328,833</u>	<u>315,501</u>
Total Vested Benefits	\$ 1,317,809	\$ 1,222,531
Non-vested Benefits	<u>55,272</u>	<u>75,903</u>
Total Benefits	\$ 1,373,081	\$ 1,298,434
Market Value of Assets	\$ 880,212	\$ 1,205,290
Percent Funded		
Vested Benefits	66.8%	98.6%
Total Benefits	64.1%	92.8%
Statement of Change in Actuarial Present Value of Accrued Benefits (\$1,000s)		
Actuarial Present Value as of Prior January 1	\$ 1,298,434	\$ 1,224,940
Increase (Decrease) During Plan Year Due to:		
Interest	103,165	97,266
Benefits accumulated and other sources	37,695	53,762
Benefits paid	(80,644)	(77,534)
Plan amendments	-	-
Changes in actuarial assumptions	<u>14,431</u>	<u>-</u>
Net increase (decrease)	\$ 74,647	\$ 73,494
Actuarial Present Value as of January 1	\$ 1,373,081	\$ 1,298,434

RECONCILIATION OF PLAN ASSETS

Table VI

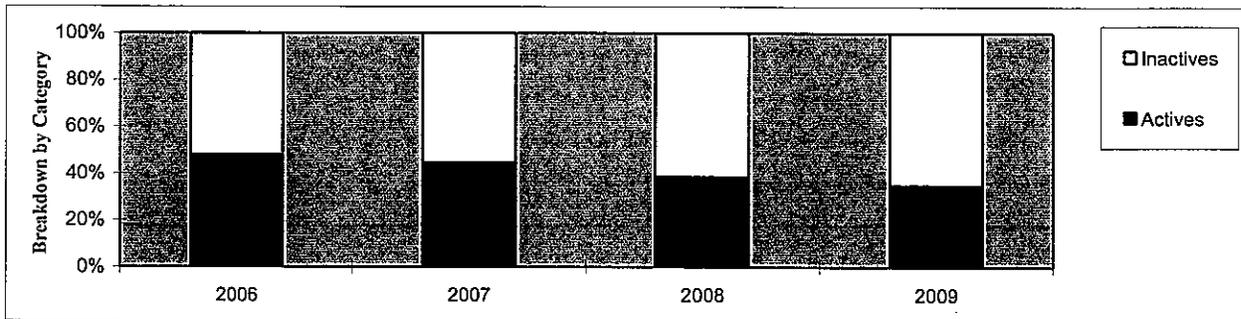
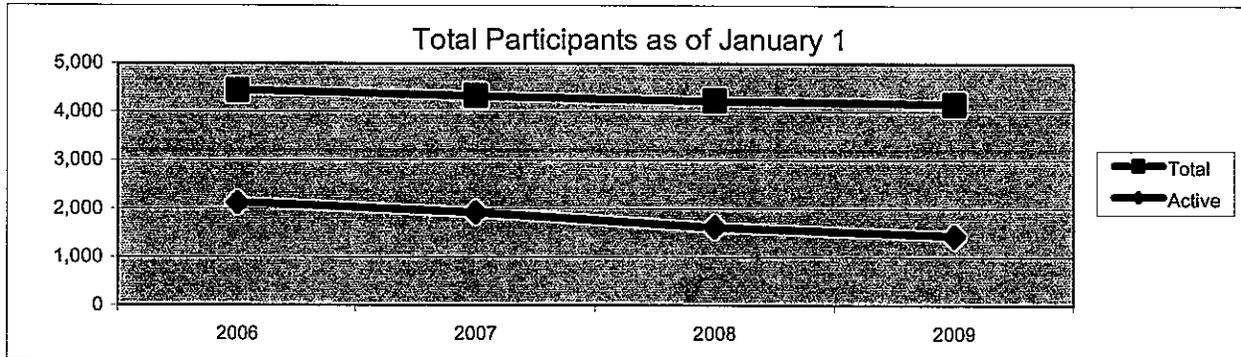
	<u>2008</u>		<u>2007</u>
Market Value of Assets as of January 1	\$ 1,205,290		\$ 1,146,144
Increases Due to:			
Contributions:			
Employee Contributions	4,900		5,479
Employer Contributions	<u>32,750</u>		<u>37,802</u>
Total	37,650		43,281
Decreases Due to:			
Benefit payments	(79,930)		(75,046)
Refund of Member contributions	(471)		(1,109)
Transfer to Defined Contribution Plan	(243)		(1,379)
Administrative expenses	<u>(501)</u>		<u>(528)</u>
Total	(81,145)		(78,062)
Investment Income, Net of Investment Expense	(281,583)		93,927
Market Value of Assets as of December 31	\$ 880,212		\$ 1,205,290
Expected Market Value of Assets as of December 31	\$ 1,258,845		\$ 1,203,921
Actuarial Value of Assets			
2008 Asset (Gain) Loss	378,633	80%	302,906
2007 Asset (Gain) Loss	(1,369)	60%	(821)
2006 Asset (Gain) Loss	(29,450)	40%	(11,780)
2005 Asset (Gain) Loss	23,912	20%	4,782
2004 Asset (Gain) Loss	(11,831)		<u>-</u>
Total Unrecognized (Gain) Loss			295,087
Market Value of Assets			<u>880,212</u>
Actuarial Value of Assets			<u>\$ 1,175,299</u>
Rate of Return on Actuarial Value of Assets		2.1%	10.2%



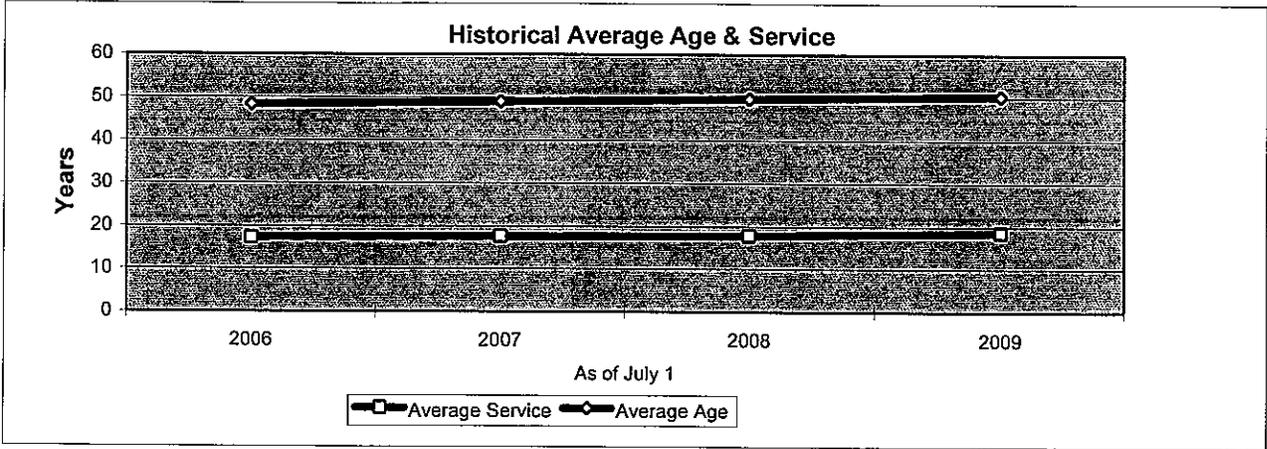
<u>Date</u>	<u>Market Value</u>	<u>Actuarial Value</u>	<u>Market Value Return</u>	<u>Assumed Return</u>
1/1/2002		\$ 954,545		8.2%
1/1/2003		1,004,253		8.2%
1/1/2004		1,018,979		8.2%
1/1/2005		1,038,201		8.2%
1/1/2006	1,056,590	1,064,825	11.0%	8.2%
1/1/2007	1,146,144	1,116,451	5.7%	8.2%
1/1/2008	1,205,290	1,193,724	8.3%	8.2%
1/1/2009	880,212	1,175,299	-23.8%	8.2%

SUMMARY OF PARTICIPANT DATA

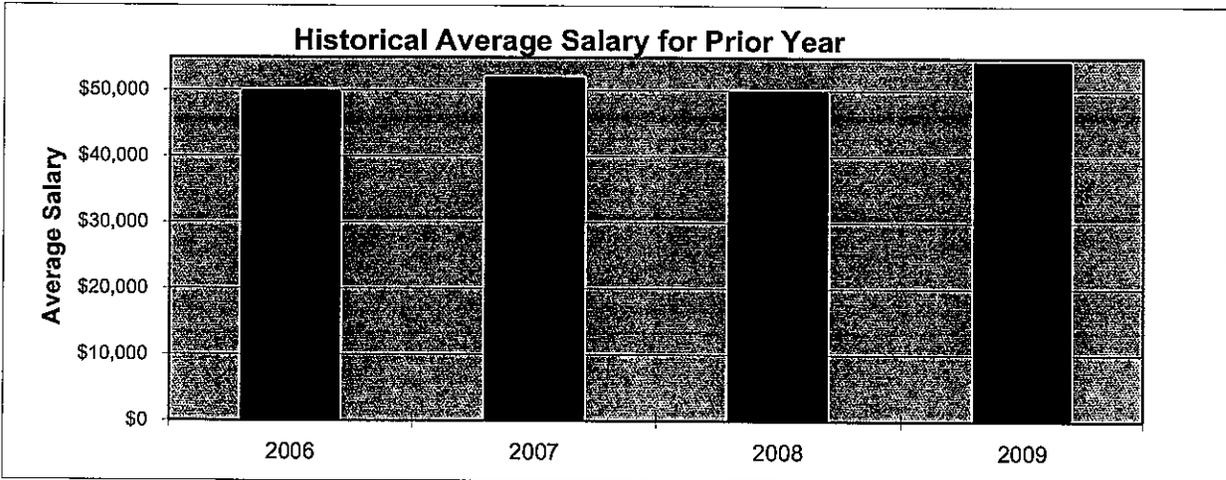
Table VIIIa



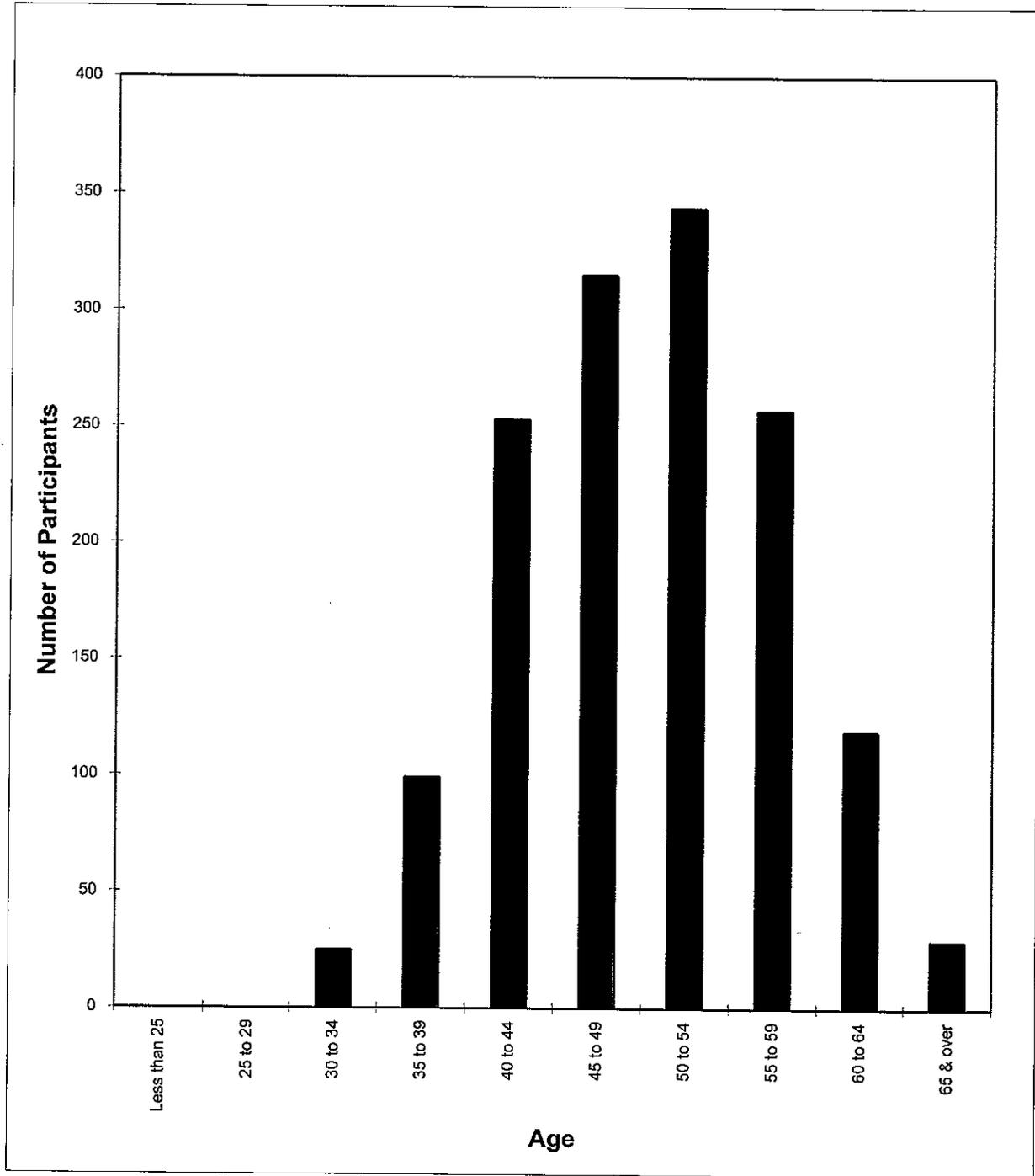
	<u>January 1, 2009</u>	<u>January 1, 2008</u>
1. Active Participants	1,441	1,625
2. Inactive Participants not in Receipt		
a. Terminated	41	46
b. Disabled	3	-
c. Transferred	-	-
d. Beneficiaries	-	-
e. Subtotal	44	46
3. Inactive Participants in Receipt		
a. Retirees	2,157	2,045
b. Disabled	163	158
c. Beneficiaries	350	359
d. Subtotal	<u>2,670</u>	<u>2,562</u>
4. Total Participants	4,155	4,233

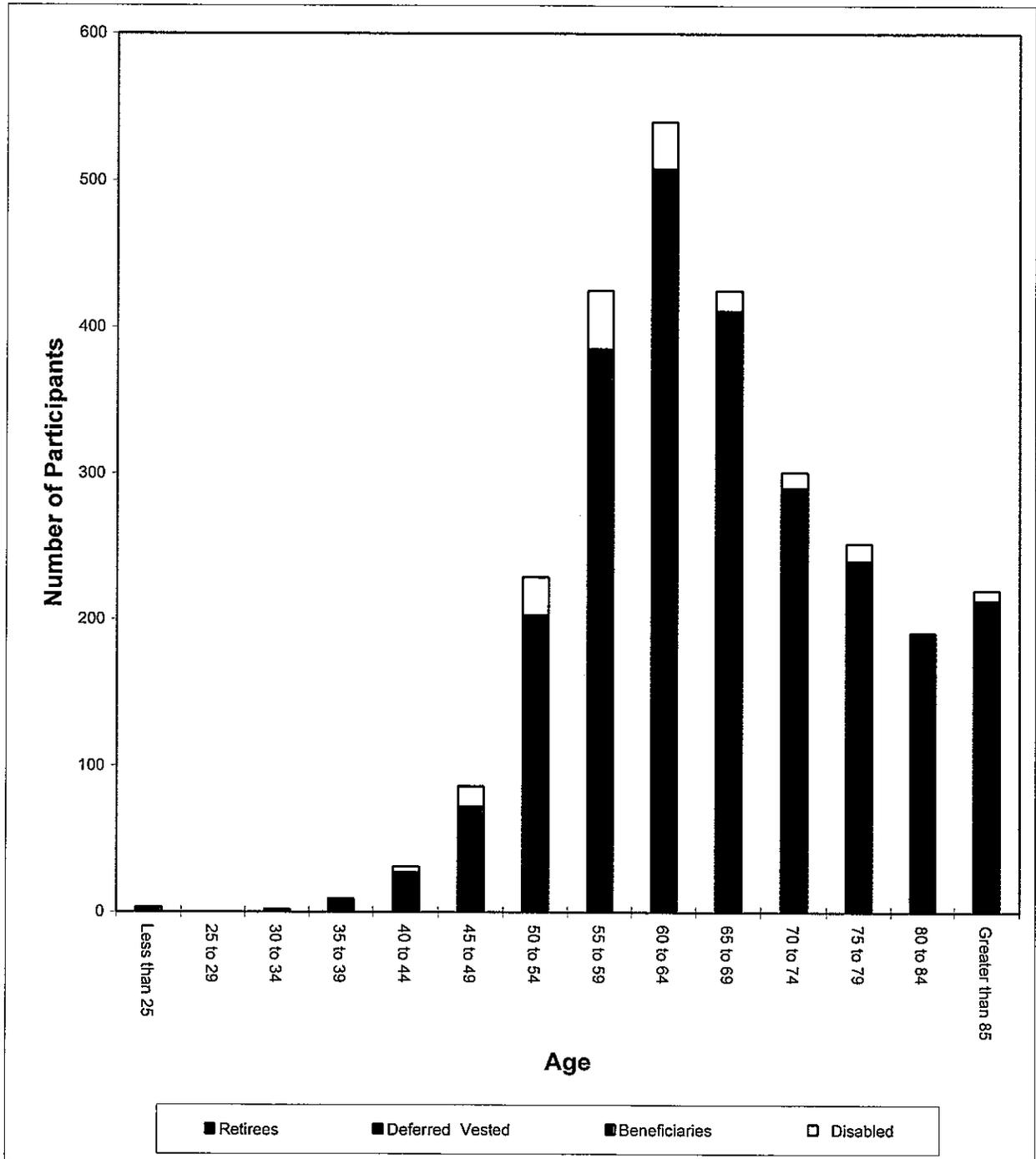


<u>As of January 1</u>	<u>Average Service</u>	<u>Average Age</u>
2006	17.2	48.3
2007	17.7	49.1
2008	17.9	49.8
2009	18.5	50.3



<u>As of January 1</u>	<u>Average Salary</u>
2006	\$ 49,755
2007	\$ 51,796
2008	\$ 49,733
2009	\$ 54,257





	<u>Active</u>	<u>Deferred Vested</u>	<u>Retired</u>	<u>Total</u>
1. Number of participants as of January 1, 2008	1,625	46	2,562	4,233
2. Change in status during the plan year:				
a. Terminated vested	(6)	6		
b. Retired	(160)	(2)	162	
c. Inactives who became active	4	(4)		
d. Retirees who became active				
3. No longer participating due to:				
a. Death	(5)		(54)	(59)
b. Terminated not vested	(3)			(3)
c. Return of contributions	(9)	(2)		(11)
d. Transfer to 401(a) plan	(8)			(8)
e. Lump sum payment				
f. Expiration of certain period			(1)	(1)
4. Adjustments	3		1	4
5. Number of participants as of January 1, 2009	1,441	44	2,670	4,155

AGE-SERVICE-SALARY TABLE

Table VIII f

Attained Age	Completed Years of Service									Total
	Under 5	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up	
Under 30	-	-	-	-	-	-	-	-	-	-
Avg.Pay	-	-	-	-	-	-	-	-	-	-
30 to 34	-	7	18	-	-	-	-	-	-	25
Avg.Pay	-	-	44,864	-	-	-	-	-	-	43,197
35 to 39	-	10	63	22	4	-	-	-	-	99
Avg.Pay	-	41,400	46,864	49,239	-	-	-	-	-	47,214
40 to 44	-	6	89	102	54	2	-	-	-	253
Avg.Pay	-	-	45,549	52,583	54,203	-	-	-	-	50,086
45 to 49	1	6	64	84	128	32	-	-	-	315
Avg.Pay	-	-	45,620	54,200	60,746	65,095	-	-	-	55,873
50 to 54	3	6	53	83	129	56	13	1	-	344
Avg.Pay	-	-	48,792	56,699	59,720	66,181	57,422	-	-	57,679
55 to 59	-	3	58	67	57	32	29	11	-	257
Avg.Pay	-	-	44,599	53,797	57,121	65,192	66,662	61,526	-	55,492
60 to 64	-	-	25	37	24	12	14	7	-	119
Avg.Pay	-	-	41,703	50,918	58,941	68,690	62,662	-	-	54,691
65 & over	-	-	8	7	6	2	2	4	-	29
Avg.Pay	-	-	-	-	-	-	-	-	-	53,327
Total	4	38	378	402	402	136	58	23	-	1,441
Avg.Pay	-	\$38,613	\$ 45,862	\$ 53,522	\$ 58,674	\$ 65,683	\$ 64,255	\$63,136	-	\$ 54,257

PARTICIPANT AND BENEFIT PAYMENT PROJECTION**Table IX**

Year	<u>Number of Participants at Beginning of Year</u>			Expected Benefits*
	Active	Inactive	Total	
2009	1,441	2,714	4,155	\$ 92.1
2010	1,252	2,664	3,916	96.7
2011	1,099	2,613	3,713	101.1
2012	970	2,561	3,530	105.7
2013	850	2,505	3,354	110.5
2014	736	2,448	3,184	115.6
2015	623	2,388	3,010	120.3
2016	522	2,327	2,850	124.2
2017	435	2,265	2,700	128.3
2018	358	2,202	2,560	131.7
2019	293	2,138	2,430	135.2
2020	233	2,072	2,305	138.2
2021	179	2,004	2,183	140.8
2022	131	1,936	2,067	142.9
2023	99	1,866	1,965	144.1
2024	72	1,795	1,867	145.8
2025	50	1,723	1,773	146.1
2026	34	1,650	1,684	147.0
2027	21	1,576	1,597	146.7
2028	11	1,500	1,511	145.8
2029	5	1,424	1,429	144.7
2030	3	1,347	1,350	143.0
2031	1	1,270	1,272	141.1
2032	1	1,193	1,194	138.8
2033	0	1,116	1,117	136.0
2034	0	1,040	1,040	132.9
2035	0	964	964	129.2
2036	0	890	890	125.0
2037	0	817	817	120.7
2038	0	746	746	116.2

* \$ millions

ACTUARIAL ASSUMPTIONS AND METHODS

Actuarial Cost Method

Entry Age Actuarial Cost Method, under which the actuarial present value of projected benefits for each individual participant is allocated on a level basis over earnings of the participant between the valuation date nearest the participant's commencement of employment and the assumed exit. The portion of the actuarial present value of benefits not provided for at the valuation date by future normal costs is the actuarial accrued liability. Under this method, actuarial gains (losses), as they occur, reduce (increase) the unfunded actuarial accrued liability.

Funding Period

The unfunded actuarial accrued liability at January 1, 2002 is being amortized over 30 years. The following amortization periods apply to subsequent changes in the unfunded actuarial accrued liability:

Benefit changes	30 Years
Actuarial gains and losses	15 Years
Changes in actuarial methods and assumptions	30 Years

Actuarial Value of Assets

At each valuation date, assets are smoothed by recognizing the difference between actual and assumed return on the fair market value of assets over 5 years.

Active and Non-Disabled Mortality

1994 Group Annuity Mortality Table for Males and Females set forward two years.

Disabled Mortality

1994 Group Annuity Mortality Table for Males and Females set forward five years.

ACTUARIAL ASSUMPTIONS AND METHODS

Disability

Representative values of the assumed annual rates of disability for participants in active service are set forth in the following tables.

Non-Public Safety Employees							
Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	0.029%	35	0.054%	50	0.188%	65	0.570%
25	0.032%	40	0.074%	55	0.310%		
30	0.039%	45	0.113%	60	0.439%		
Public Safety Employees							
Age	Rate	Age	Rate	Age	Rate	Age	Rate
20	-	35	0.380%	50	0.990%	65	-
25	0.120%	40	0.480%	55	1.380%		
30	0.210%	45	0.590%	60	-		

60% of disabilities are assumed to occur in the line of duty.

Permanent Withdrawal from Active Status

Representative values of the assumed annual rates of withdrawal among Members in active service are set forth in the following tables.

Non-Public Safety Employees					
Age	Rate	Age	Rate	Age	Rate
20	10.14%	35	8.98%	50	5.20%
25	9.79%	40	8.18%	55	2.57%
30	9.47%	45	6.98%	60	0.49%

Public Safety Employees					
Age	Rate	Age	Rate	Age	Rate
20	3.10%	35	1.62%	50	0.08%
25	2.88%	40	0.99%	55	-
30	2.29%	45	0.48%	60	-

20% of terminating participants are assumed to take the annuity benefit.

ACTUARIAL ASSUMPTIONS AND METHODS

Retirement

The probability of retirement under all plans is 50% in any year after reaching eligibility for unreduced retirement.

All non-Public Safety participants who have not retired by age 70 and all Public Safety participants who have not retired by age 65 are assumed to retire immediately provided service is at least 10 years.

95% of all retiring participants are assumed to take the monthly pension payment; 5% are assumed to transfer a lump sum amount to a defined contribution plan.

Interest and Investment Return Rate

8.1% per annum.

Salary Increases

Calendar Year	Increase
2009	0.0%
2010 to 2014	2.0% per year
2015 and after	4.0% per year

A 6.5% load is applied to compensation for the inclusion of vacation pay, and a 1.5% load is applied for the inclusion of sick leave.

Administrative Expenses

Prior year actual amount rounded to the nearest \$100,000.

ACTUARIAL ASSUMPTIONS AND METHODS

Employee Contribution Crediting Rate

4.0% per year

Cost of Living Increases

3.0% per year

Increases in Section 415 Maximum Benefit Limit

3.0% per year

Spouses

75% of active male participants and 50% of active female participants are assumed to be married, with males 4 years older than females.

Changes in assumptions since prior year

The assumed rate of investment return rate was changed from 8.20% to 8.10%

Assumed future salary increases were changed from 4% for all years to zero for 2009, 2% for the next 5 years, and 4% thereafter.

PLAN PROVISIONS

Plan Effective Date

The original Effective Date of the Plan is September 1, 1991. Prior plans were incorporated as supplements to the Plan.

Plan Eligibility

An Eligible Employee is an employee hired before July 1, 1999 and compensated by the Finance Department of Fulton County, except leased, temporary, and contract employees. In addition, a small closed group of DFACS employees participate in the plan.

Creditable Service and Vesting Service

A Participant will be credited with the decimal equivalent of the uninterrupted years and completed days from the first day of the month coinciding with or next following the date of becoming an Eligible Employee to the date of retirement or other termination of employment, without regard to the actual number of hours worked or otherwise credited. Accumulated sick leave up to certain limits is also counted in Creditable Service.

Creditable Service includes purchased service for service with the United States armed forces, with the State of Georgia, as a member of the General Assembly of Georgia, or as an employee of a municipality located in whole or in part inside Fulton County.

Earnings

Wages paid to an Employee by the Employer including overtime pay, vacation pay, bonus pay, or similar benefits.

Final Average Monthly Earnings

Final Average Monthly Earnings (FAME) is the average of the Participant's Earnings during the highest three (3) twelve-month periods of employment that produce the highest average. For elected officials and department heads, FAME is not less than average Earnings during the 12 months prior to termination.

PLAN PROVISIONS

Normal Retirement

Eligibility

- Age plus Creditable Service at least 79, with at least 10 years of Creditable Service
- Age 65 and 10 years of Creditable Service
- Age 60 and 15 years of Creditable Service
- Age 55 and 30 years of Creditable Service
- Elected official or department head who is age 55 or older with 10 years of Creditable Service, if termination is the result of resignation, failure to be reelected, or abolishment of office.

Pension Benefit

For Participants in the Enhanced plan, the benefit is 2.25% of FAME times years of Creditable Service subject to a maximum of five (5) years plus 2.50% of FAME times years of Creditable Service in excess of five (5) years.

For Participants of the 1991 plan, the benefit is 2.0% of FAME times years of Creditable Service.

The minimum benefit at Normal Retirement is \$460 per month.

For Participants in prior plans, the Pension Benefit is calculated according to the provisions of the relevant supplement.

Late Retirement

Eligibility

If a Participant continues employment after Normal Retirement Date, membership in the Plan continues, but no pension payments are made until the first day of the month next following the Participant's actual retirement.

Pension Benefit

The benefit is computed in the same manner as the Pension Benefit for Normal Retirement using Final Average Monthly Earnings and Creditable Service as of the date of actual retirement.

PLAN PROVISIONS

Early Retirement

Eligibility

A reduced Early Retirement Benefit is payable if a Participant terminates employment with at least 15 years of Creditable Service, but prior to Normal Retirement eligibility.

Pension Benefit

The benefit is computed in the same manner as the Pension Benefit at Normal Retirement using Final Average Monthly Earnings and Creditable Service as of the date of actual retirement.

The benefit of a Participant who elects to commence benefit payments immediately after termination will be reduced 0.5% for the first 60 months and 0.25% for the remaining months that commencement precedes eligibility for an unreduced Normal Retirement benefit.

The benefit of a Participant serving as a Peace Officer with 25 years of who elects to commence benefit payments immediately after termination will be reduced by 0.25% for each month that commencement precedes age 55.

The minimum benefit ("Base Pension") is \$300 per month.

Deferred Vested Benefit

Eligibility

A Participant is eligible for a Deferred Vested Pension if employment is terminated after completion of ten or more years of Vesting Service.

Pension Benefit

The benefit is computed in the same manner as the Pension Benefit for Normal Retirement using Final Average Monthly Earnings and Creditable Service as of the date of termination.

PLAN PROVISIONS

Death Benefit

Death benefits will be payable in an amount equal to a percentage of the amount the Participant either a) was receiving at death, b) would have received had he retired with a normal retirement benefit at death, or c) would have been receiving as a vested pension benefit had he survived to age 65. The benefit is 75% for the Enhanced plan, 1991 plan, and 1982 plan. For other plans, the benefit is 50%.

A beneficiary of a Peace Officer who dies in the line of duty receives the amount of compensation that the deceased would have received from the employer for one year from date of death. In each subsequent year, the beneficiary receives 75% of the greater of the participant's salary at death or the salary paid to a 6-year police officer.

Cost of Living Adjustments

3% per year for Enhanced plan, 1991 plan, and 1982 plan if the CPI change during the calendar year is greater than zero.

Participant Contributions

Participant contributions are required and deducted from compensation from the Employer at a rate set by the plan document governing the Participant:

- Enhanced plan: 6% of pay
- 1991 plan and 1982 plan: 5% of pay
- Other prior plans range from 0% to 4% of pay

Normal Form of Retirement Income

The Normal Form of benefit payment is a life annuity. There are no optional forms of retirement income offered by the Plan.

Fulton County Code of Ethics¹ - As Amended Through October 18, 2006

Sec. 2-66. Declaration of policy.

It is essential to the proper government and administration of Fulton County that members of the board of commissioners, as well as all other officers and employees of the county, are in fact and in appearance, independent and impartial in the performance of their official duties; that public service not be used for private gain; and that there be public confidence in the integrity of the county. Because the attainment of one or more of these ends is impaired whenever there exists in fact, or appears to exist, a conflict between the private interests and public responsibilities of county officers and employees, the public interest requires that the county protect against such conflicts of interest by establishing appropriate ethical standards of conduct. It is also essential to the efficient operation of the county that those persons best qualified be encouraged to serve in positions of public trust. Accordingly, the standards hereinafter set forth must be so interpreted and understood as not to unreasonably frustrate or impede the desire or inclination to seek and serve in public office by those persons best qualified to serve. To that end, no officer or employee of the county, except as otherwise provided by law, should be denied the opportunity available to all other citizens to acquire and maintain private, economic and other interests, except where a conflict of interest situation would necessarily result. The policy and purpose of this code of ethics, therefore, is to make clear those standards of ethical conduct that shall be applicable to the persons hereinabove named in the discharge of their official duties; to implement the objective of protecting the integrity of the county's government; and to prescribe only such essential

¹ Re-enacted in its entirety 2/4/04, Agenda Item No. 03-1531.

restrictions against conflicts of interest as will not impose unnecessary barriers against public service.

Sec. 2-67. Definitions.

(1) *Business* means any corporation, partnership, proprietorship, organization, self-employed individual and any other entity operated for economic gain, whether professional, industrial, or commercial, and other entities, which for purposes of federal income taxation are operated as non-profit organizations.

(2) *Confidential information* means information which has been obtained in the course of performing official duties as an officer or employee.

(3) *Contract* means any written or otherwise established agreement, lease, claim, account, or demand against any person, to which the county is an actual or otherwise interested party.

(4) *Gifts and favors* means anything of value given by or received from a prohibited source. *Prohibited source* means any person, business, or entity that the involved officer or employee knows or should know:

- (a) is seeking official action from the county; or
- (b) is seeking to do or is doing business with the county, or
- (c) represents a person who is seeking official action from the county or who is seeking to do or is doing business with the county; or
- (d) has interests that may be affected by the performance or non-performance of official duties by the officer or employee; or
- (e) is a registered lobbyist in accordance with state law.

(5) *Immediate family* means an officer or employee and the spouse of or an individual in a certified committed relationship or legally recognized domestic partnership with an officer or employee, as well as the parents, children, brothers, and sisters of an officer or employee.

(6) *Intent* means the state of mind in which a person seeks to accomplish a given result through a deliberate course of action. Intent is the design, resolve, or determination with which a person acts, and which can seldom be proved by direct evidence, but must usually be proved by circumstances from which intent may be inferred.

(7) *Intent to influence* means to deliberately and willfully act in a manner chosen and designed to exert power over others, or to modify or affect the actions of others, even if in a gentle, subtle, or gradual fashion.

(8) *Interest* means any financial interest or personal interest or any other direct or indirect pecuniary or material benefit held by or accruing to an officer or employee as a result of a contract or transaction which is or may be the subject of an official act or action by or with the county. Unless otherwise provided, the term "interest" does not include any remote interest. For purposes of this code of ethics, the term *financial interest* means any interest which shall, directly or indirectly, yield a monetary or other material benefit to the officer or employee, or to any person employing or retaining the services of the officer or employee, or to the immediate family of the officer or employee; and, the term *personal interest* means any interest arising from relationships between the officer or employee and members of his or her immediate family or from associations with any business, whether or not a financial interest is involved. For the

purposes of this code of ethics, and without being limited thereto, an officer or employee shall be deemed to have an interest in matters and transactions involving:

- (a) any person in his or her immediate family;
- (b) any person with whom a contractual relationship (either written or implied) exists, whereby he or she may receive any payment or other benefit, including any agreement for employment; and
- (c) any business in which he or she is a director, officer, employee, prospective employee, or substantial shareholder.

(9) *Lobbyist* means (i) any natural person who, for compensation, either individually or as an employee of another person, undertakes to promote or oppose the passage, approval, or defeat of an ordinance or resolution by the board of commissioners; and (ii) any natural person who makes a total expenditure of more than \$250.00 in a calendar year to promote or oppose the passage, approval, or defeat of an ordinance or resolution by the board of commissioners, but not including the person's own travel, food and lodging expenses, or expenses for informational materials.

(10) *Matter or transaction* means the subject of any official act or action by an officer or employee or any governing body of the county or any county agency.

(11) *Officer or employee* means any elected officer of the county, any person appointed to a county board, commission, or agency by the board of commissioners, any person employed by the county, including contractual employees, and any person retained by the county or any agency of the county in a consulting capacity, who is exclusively obligated to the county for a period of 90 or more days. This definition does not include members of advisory boards having no decision-making authority; provided,

however, that county employees serving on the Advisory Committee of the Atlanta/Fulton County Water Resources Commission continue to be included within this definition while serving on that Advisory Committee. This definition includes retired former employees and other former employees of the county during any period in which they are later employed or retained by the county or any county agency. (*Amended 8/17/05, item no. 05-0975*)

(12) *Official act or action* means any executive, legislative, administrative, appointive, ministerial, or discretionary act taken by the board of commissioners or the county manager, as well as any such act taken by any other officer or employee in the performance of his or her official duties.

(13) *Paid* means the receipt of, or right to receive, a salary or a commission, percentage, brokerage, or contingent fee for services.

(14) *Participate* means to take part in any official act, actions, or proceedings personally, and to take part in such acts, actions, or proceedings as an officer or employee for the purpose of performing a duty, granting or denying approvals, rendering decisions, or failing to so act or perform such a duty.

(15) *Participation in contracting* means, with respect to current officers and employees as well as former officers and employees during the time periods set forth in Section 2-77(b), to take part in any official act, actions, or proceedings personally, which acts, actions, or proceedings involve county contracts, and to take part in such acts, actions, or proceedings as an officer or employee for the purpose of performing a duty, or otherwise to grant or deny approvals, make recommendations, prepare any part of purchasing specifications or solicitations for bids or proposals, to influence the content of

such documents, to render advice regarding such documents or contracts or the interpretation or meaning of county regulations and policies relevant to such documents or contracts, to investigate, audit, review, or make any ruling or determination regarding any proceedings or applications relating to such documents or contracts or related sub-contracts, or to attempt to or actually influence the official acts, actions, proceedings, or decisions of others. (*Amended 10/18/06, item no. 06-1102*)

(16) *Person* means any individual, business, representative, fiduciary, trust, or association.

(17) *Reprimand* means an action taken by the board of ethics, which constitutes and transmits a public disapproval of the conduct of an officer or employee.

Sec. 2-68. Conflicts of interest generally / Impartiality.

(a) Officers and employees shall avoid even the appearance of a conflict of interest. An appearance of a conflict of interest exists when a reasonable person would conclude from the surrounding circumstances that the ability of the officer or employee to protect the public interest or impartially perform a public duty is compromised by financial or personal interests in the matter or transaction. The appearance of a conflict of interest can exist even in the absence of an actual conflict of interest, which exists whenever the officer or employee knows or should know that he or she has an interest that may be affected by his or her official acts or actions.

(b) No officer or employee shall by his or her conduct give reasonable basis for the impression that any person can improperly influence him or her, or unduly enjoy his or her favor, in the performance of any official acts or actions.

(c) No officer or employee shall, by virtue of his or her position with the county, except as necessary in the performance of his or her official duties, directly or indirectly influence or attempt to influence the decision of any other officer or employee who must act to further any county procurement, policy, contract, matter, or transaction.

Sec. 2-69. Gifts and favors / Honoraria.

(a) No officer or employee shall directly or indirectly solicit, request, exact, receive, or agree to receive a gift, loan, favor, promise, or thing of value, in any form whatsoever, for himself or herself or another person, from any prohibited source, including, without limitation, any person or business which the officer or employee knows or should know is doing business with the county or attempting to do business with the county, or the agent or representative of such a person or business.

(b) No officer or employee shall directly or indirectly solicit, request, exact, receive or agree to receive an honorarium, which, for purposes of this section, means a payment of money or anything of value for any service, including, but not limited to, appearances, speeches, or articles, if the subject matter of the appearance, speech, or article relates to the official duties of the officer or employee and such payment or other thing of value is given to the officer or employee because of his or her status with the county.

(c) This section shall not apply in the case of:

- (1) any nonpecuniary gift, ticket, or other thing of value, the value of which is \$100.00 or less;
- (2) an award publicly presented in recognition of public service;
- (3) a commercially reasonable loan made in the ordinary course of business by an institution authorized by law to engage in the making of such a loan;

- (4) a ticket or pass of admission or other evidence of a right of free entry, or for an amount less than the amount printed on the ticket, given to an officer or employee by a member of his or her immediate family, or given by a business, other than a public agency, in which the officer or employee or a member of his or her immediate family serves as an officer, director, stockholder, creditor, trustee, partner, or employee; and
- (5) any ticket or other pass of admission to any recreational, musical, theatrical, or sporting event for less than the face value of such ticket or pass of admission, for an entertainment or athletic event at which the officer or employee is performing an *official duty*, which means, for purposes of this subsection, any appearance, meeting, discussion, greeting, or introduction, the substantial purpose of which is related to the performance of an official act or action.

(d) Under no circumstances shall any ticket or other pass of admission to any recreational, musical, theatrical, or sporting event for less than the face value of such ticket or pass of admission, which has been received by an officer or employee pursuant to paragraphs (c)(1) or (c)(5) of this section, be transferred by such officer or employee to another for money or consideration of any kind.

Sec. 2-70. Campaign contributions.

This code of ethics shall not apply to campaign contributions made pursuant to the laws of the State of Georgia.

Sec. 2-71. Confidential information.

No officer or employee shall disclose, except as required by law, or otherwise use confidential information acquired by virtue of his or her position with the county for his, her, or another person's private gain, or in order to advance his or her financial or personal interests or the financial or personal interests of any person or business, where such use would conflict with the best interests of the county.

Sec. 2-72. Representation.

(a) No officer or employee shall appear on his or her own behalf, or represent, or appear on behalf of any person, whether paid or unpaid, before any court or before any individual, legislative, administrative, or quasijudicial board, body, agency, commission, or committee appointed by the county manager, board of commissioners, or other county official, concerning any contract, matter or transaction which is or may be the subject of an official act or action of the county, except in the regular discharge of their official duties, or otherwise use or attempt to use his or her official position to secure unwarranted privileges or exemptions for himself, herself, or other persons; provided, however, that this subsection shall not prohibit an officer or employee from appearing on his or her own behalf, concerning any contract, matter or transaction, unless such officer or employee knows or reasonably should know that the contract, matter or transaction is under his or her official responsibility as such officer or employee.

(b) No officer or employee shall represent any person or business, whose interests are in conflict with the interests of the county, in any proceeding or litigation in which the county or any agency of the county is a party, or in any action, proceeding, or litigation in which the complainant is the county or any agency of the county.

Sec. 2-73. Incompatible employment / Nepotism.

(a) No officer or employee shall solicit, request, or accept employment with, or render services to, any person, business, or professional association when doing so is adverse to and incompatible with the proper discharge of his or her official duties.

(b) No officer or employee shall advocate for or cause, directly or indirectly, the hiring, advancement, promotion, or transfer of a member of his or her family to any office or position with the county or a county agency.

(c) No officer or employee having authority to appoint or recommend for appointment members of any county board, commission, or authority shall appoint or recommend for appointment a member of his or her family.

Sec. 2-74. Abstention and disclosure of interest.

An officer or employee who has an interest in a contract, matter, or transaction that he or she has reason to believe will be affected by his or her official acts or actions, or by the official acts or actions of the county, shall abstain from participating in such official acts or actions and shall not vote for or against, discuss, decide, or otherwise participate in the county's consideration of the contract, matter, or transaction, or otherwise attempt to or actually influence the vote, discussion, or decision of the county regarding the contract, matter, or transaction. In addition, the officer or employee shall disclose publicly the nature of such interest prior to any determination of the contract, matter, or transaction.

Sec. 2-75. Incompatible interests.

(a) No officer or employee shall invest or hold any investment, directly or indirectly, in any financial, business, commercial, or other private contract, matter, or transaction,

which creates a conflict with and adversely affects the performance of official duties by the officer or employee to the detriment of the county.

(b) No officer or employee shall solicit, request, or accept employment by, or agree to otherwise provide services to, any person or business when such employment or the providing of such services is adverse to and incompatible with the proper discharge of official duties by the officer or employee.

(c) No officer or employee shall own stock in any business doing business with the county. This section is not intended to apply where the officer or employee owns less than ten percent (10%) of any company or publicly traded stock.

(d) An employee may serve as a director of any not-for-profit or charitable business or organization that receives or solicits any grant funding from the county or a county agency, as long as that employee is not involved in the grant selection process. (*Added 3/16/04, item no. 05-0294*)

Sec. 2-76. Contracts involving officers and employees.

(a) The county shall not enter into any contract involving services or property with an officer or employee, or with a person or business in which an officer or employee has an interest. This section shall not apply in the case of:

- (1) contracts for goods or services with an officer or employee, or member of the immediate family of an officer or employee, or a business that employs an officer or employee, or member of the immediate family of an officer or employee, where (i) the contract is competitively procured and (ii) the officer or employee does not participate in any aspect of the

procurement or performance of the contract; (*Amended 8/4/04, item no. 04-0796*)

- (2) the designation of a bank or trust company as a depository for county funds;
- (3) the borrowing of funds from any bank or lending institution which offers the lowest available rate of interest for such loan;
- (4) contracts for services entered into with a business which is the only available source for such goods or services; and
- (5) contracts entered into under circumstances which constitute an emergency situation, provided that a record explaining the emergency is prepared by the county manager and submitted to the board of ethics at its next regular meeting.

(b) No officer or employee shall participate in any contract involving the county if he or she knows or should have known that an interest in the contract is possessed by such officer or employee, one or more members of his or her immediate family, or any business, other than a public agency, in which he or she or a member of his or her immediate family serves as an officer, director, stockholder, creditor, trustee, partner, or employee.

Sec. 2-77. Unemployed officers and employees.

(a) No officer or employee shall, after the termination of his or her employment with the county, participate in any contract with the county, in a managerial, entrepreneurial, or consulting capacity. For the purposes of this section, “consulting” shall include, but not be limited to, advising any person doing business with the county or seeking to do

business with the county (whether as a prime contractor or subcontractor) regarding the meaning and application of county rules and regulations, the administration of which were a part of the official responsibility of the officer or employee before termination of his or her employment. In addition, no officer or employee shall, after termination of his or her employment with the county, knowingly make, with the intent to influence, any communication to or appearance before any department, board, or other authority of the county in connection with a particular matter:

- (1) in which the county has a direct and substantial interest; and
- (2) in which such person knows or reasonably should know was under his or her official responsibility as such officer or employee before the termination of his or her employment with the county. (*Amended 10/18/06, item no. 06-1102*)

(b) The restrictions set forth in this section shall be in effect for a period of one year after the termination of the officer's or employee's employment with the county; provided, however, with respect to former members of the board of commissioners, the restrictions shall be in effect for a period of two years after leaving office; provided, further, that in the case of any former member of the board of commissioners who is convicted of a felony criminal offense in connection with the solicitation or award of a county contract, the restrictions shall be in effect for a period of seven years, beginning at the time of the conviction, except that in cases where a period of imprisonment is ordered, the seven years shall begin at the completion of the period of imprisonment.

Sec. 2-78. Compliance with applicable laws.

No officer or employee shall engage in any activity or transaction that is prohibited by any law, now existing or hereafter enacted, which is applicable to him or her by virtue of his or her office. When any provision of this code of ethics shall conflict with the laws of Georgia or the United States, such laws shall apply. If any section of this code of ethics shall be declared by any court to be invalid, the remaining sections shall remain applicable.

Sec. 2-79. Disclosure of income and financial interests. *(Amended 8/4/04, item no. 04-0796)*

(a) On or before April 15 of each calendar year, each of the following individuals shall file an income and financial disclosure report with the clerk to the commission, which report shall cover the preceding calendar year:

- (1) all elected officials of Fulton County, as well as judges of the juvenile and magistrate courts;
- (2) county manager;
- (3) deputy county managers;
- (4) all department heads, including the county attorney and the clerk to the commission, as well as all division heads reporting to the county manager, and the deputy director of zoning;
- (5) members of the board of tax assessors and all property appraisers;
- (6) members of the community zoning board;
- (7) members of the board of zoning appeals; and
- (8) members of the board of ethics.

(b) Each such report shall identify the source of each of the following, received or accrued during the preceding calendar year, by each person required to file such report and such person's spouse, if any:

- (1) any income for services rendered of \$1,000.00 or more;
- (2) any honorarium from a single source in the aggregate amount of \$500.00 or more, except as otherwise reported under applicable state law;
- (3) any gift or favor from a single prohibited source in the aggregate amount of \$100.00 or more; and
- (4) any dividend income of \$1,000.00 or more.

(c) Each such report shall also contain:

- (1) the name, address and general description of any professional organization in which the person reporting is an officer, director, partner, proprietor, or employee, or serves in any advisory capacity, from which income of \$1,000.00 or more was received;
- (2) the name and address of every business in which the person reporting owns 10% or more of such business's then outstanding stock;
- (3) the address and tax parcel ID number of all real property in which the person reporting has an ownership interest valued at 5% or more of the property's then assessed value; and
- (4) the source, date and amount of any reimbursement of expenses to the person reporting in the amount of \$1,000.00 or more.

Sec. 2-80. Board of ethics / Creation / Duties.

(a) *Creation.* There is hereby created a body to be known as the Fulton County board of ethics.

(b) *Membership.* The board of ethics shall consist of the following seven (7) members, who shall have been residents of Fulton County for not less than three years preceding their selection:

- (1) One member to be selected by the president of the Atlanta Bar Association from among the Association's membership;
- (2) One member to be selected by the president of the Gate City Bar Association from among the Association's membership;
- (3) One member to be selected by the president of the North Fulton Chamber of Commerce from among the Chamber's membership;
- (4) One member to be selected by the president of the Atlanta Business League from the membership of the Atlanta Business League;
- (5) One member to be selected by the president of the Atlanta Airport Chamber of Commerce from among the Chamber's membership;
- (6) One member to be selected by the personnel board of the county from its membership; and
- (7) One member to be appointed by the board of commissioners.

(c) *Chair.* At the first meeting of the board of ethics in each calendar year, the board shall select, from among its members, a chair who shall serve as chair for the remainder of the calendar year and until a successor is chosen pursuant to this subsection.

(d) *Compensation, organization, and meetings.* Members of the board of ethics shall be paid a per diem in the amount of \$150.00. The board of ethics shall meet no less than is required to conduct the business of the board, which in no event shall be less than once each calendar quarter. All meetings of the board of ethics shall be held at the Fulton County Government Center.

(e) *Term of office.* The members first selected pursuant to subsections (b)(1) and (2), above, shall serve an initial term of one year from the date of their selection. The terms of office of the members first selected pursuant to subsections (b)(3) and (4), above, shall expire one year after the expiration of the terms of office of the persons selected pursuant to subsections (b)(1) and (b)(2), above. The terms of office of the members first selected pursuant to subsections (b)(5), (b)(6) and (b)(7), above, shall expire two years after the expiration of the terms of office of the persons selected pursuant to subsections (b)(1) and (b)(2), above. Each member selected after the initial terms of office have expired shall serve a term of three years or until the termination of his or her membership in the organization from which he or she was selected, whichever shall occur first.

(f) *Background Checks.* Members shall be subject to investigation sufficient to confirm their educational and employment histories and any history of criminal convictions.

(g) *Vacancies.* Any vacancy on the board of ethics occurring before the end of the term of the departing member shall be filled in the same manner as the original selection for the remainder of the regular term.

(h) *Political Activities.* Members of the board of ethics, during their term of office, are prohibited from making contributions to the political campaigns of any candidate for a county office.

(i) *Duties.* The duties of the board of ethics shall be:

- (1) to establish procedures, rules, and regulations for its internal organization and the conduct of its affairs, consistent with the provisions of this code of ethics;
- (2) to render advisory opinions, not more than 30 days after receiving a request to do so, with respect to the interpretation and application of this code of ethics, to any officer or employee who requests such an advisory opinion as to whether a particular course of conduct would constitute a violation of the standards imposed herein, which requests shall be in writing. In any subsequent complaint concerning the same officer or employee and same conduct which is the subject of an advisory opinion rendered by the board of ethics, the board of ethics shall be bound to follow the advisory opinion, unless it is established that material facts were omitted or misstated in the request for same;
- (3) to conduct its proceedings in meetings open to the public;
- (4) to prescribe forms necessary to carry out any function prescribed by this code of ethics;
- (5) to make available to the public information disclosed pursuant to this code of ethics;

(6) to receive, hear, investigate, and make findings concerning complaints of violations of this code of ethics, and to hold hearings in connection therewith as the board or ethics may deem necessary; and

(7) to recommend to the board of commissioners revisions of this code of ethics.

(j) Neither the board of commissioners nor any officer or employee shall engage in any conduct designed to interfere with or improperly influence the members of the board of ethics in the performance of their duties under this code of ethics.

Sec. 2-81. Hearings and procedures.

(a) Any person may initiate a complaint of a violation of this code of ethics by submitting to the secretary to the board of ethics, a written, sworn complaint under penalty of perjury, upon a form prescribed by the board of ethics.

(b) The board of ethics may also initiate an investigation on its own initiative if it deems such action necessary.

(c) Within five days following the filing of a complaint, the subject of the complaint shall be notified of the existence and nature of the complaint.

(d) The board of ethics shall, within 30 days following the filing of a complaint or initiation of an investigation on its own initiative, conduct a hearing to determine whether probable cause exists to believe there has been a violation of this code of ethics. If the board of ethics determines by majority vote that probable cause does not exist, the complaint shall be dismissed or the investigation terminated and the parties will be so advised in writing. If the board of ethics determines that probable cause does exist, the involved parties shall be so advised in writing.

(e) When probable cause is found to exist, the board of ethics shall schedule a formal hearing to consider the complaint. The board of ethics shall notify all involved parties in writing of the time and place of the hearing, which hearing shall not be held sooner than 10 days following notice of same.

(f) Hearings shall be public, and all parties shall have the opportunity to be heard, to summon witnesses, and to present evidence. Persons alleged to have violated this code of ethics shall have the right to be represented by counsel at their own expense.

(g) The board of ethics shall have the power to compel the attendance of witnesses and the production of records by subpoena, and to take testimony under oath. Fulton County shall bear the costs of issuing subpoenas and, if desired by the board of ethics, the cost of having a court reporter present to record hearings. Any matters related to enforcing or quashing subpoenas may be submitted to the superior court of Fulton County.

(h) At the conclusion of the hearing, the board of ethics shall deliberate upon its findings in public and shall determine its findings by majority vote. Findings that a violation of this code of ethics has occurred must be based upon a preponderance of the evidence. The board of ethics' decision shall be reduced to writing and provided to the parties, which decision shall be final; provided, however, that the decision shall be subject to review by writ of certiorari to the superior court of Fulton County.

Sec. 2-82. Violations.

(a) Any intentional violation of this code of ethics, the furnishing of false or misleading information to the board of ethics, the failure to follow an opinion or decision issued by the board of ethics, or the failure to comply with a subpoena issued by the

board of ethics, as determined by the board of ethics after notice and the right to be heard in accordance with the hearing requirements of this code of ethics, shall subject the violator to:

- (1) an administrative sanction not to exceed \$1,000.00, which sanction shall be deposited into the general fund of Fulton County; and/or
- (2) a public reprimand.

(b) In addition to those sanctions provided for at subsection (a), with regard to a violation of this code of ethics committed by an employee of Fulton County, the board of ethics may recommend to the board of commissioners or the appropriate appointing authority disciplinary action in accordance with the personnel rules and regulations of Fulton County.

(c) In addition to those sanctions provided for at subsection (a), with regard to a violation of this code of ethics committed by any person, business, or other entity, the board of ethics may recommend to the purchasing agent that debarment proceedings be commenced in accordance with applicable ordinances of Fulton County.

Sec. 2-83. Secretary to the board of ethics / Legal counsel

(a) The board of ethics shall select a secretary, whose duties shall include the receiving and filing of complaints and requests for advisory opinions, and the maintaining of all records and minutes of the meetings and proceedings of the board of ethics. Not longer than five (5) business days following each meeting of the board of ethics, the secretary shall provide the clerk to the commission with a copy of all such records and minutes. The secretary shall be under contract with Fulton County to provide such services to the

board of ethics and shall be compensated from funds approved by the board of commissioners.

(b) The board of ethics shall be represented by independent legal counsel, selected by the board of ethics from those attorneys admitted to practice law in the State of Georgia. Said legal counsel shall be under contract with Fulton County to provide such services to the board of ethics and shall be compensated from funds approved by the board of commissioners.

Sec. 2-84. Lobbyist Registration.

(a) Every lobbyist, as defined in section 2-67, and who is required by the laws of the State of Georgia to be registered with the State Ethics Commission, shall also register with Fulton County. Registration with Fulton County shall be complete upon the filing of a copy of such person's registration filed with the State Ethics Commission, including each renewal of and supplement to same, with the Fulton County board of ethics. Each such registration, as well as each renewal of and supplement to such registration filed with the State Ethics Commissions, shall be filed with the board of ethics not more than three (3) business days following the applicable deadline for filing same with the State Ethics Commission.

(b) The registration required by this code section shall not apply to:

- (1) Any person who expresses personal views, on that individual's own behalf, to the board of commissioners or any member thereof;
- (2) Any officer or employee of Fulton County, or any officer or employee of any other governmental agency or non-profit entity which is funded or partially funded by Fulton County, who appears before or provides

information to the board of commissioners or a member thereof at the request of the board or a member thereof;

- (3) Any licensed attorney appearing before the board of commissioners on behalf of a client in any adversarial proceeding before the board, as well as any witness appearing in such a proceeding for the purpose of giving testimony;
- (4) Any elected official performing the official duties of their office; and
- (5) Any person employed or appointed by a registered lobbyist, but who is not a lobbyist as defined at section 2-67.

Sec. 2-85. Lobbyist Disclosure Reports.

Every lobbyist, as defined in section 2-67, and who is required by the laws of the State of Georgia to file disclosure reports with the State Ethics Commission, shall also file such disclosure reports with Fulton County. This requirement shall be complete upon the filing of a copy of each such disclosure report filed with the State Ethics Commission with the Fulton County board of ethics. Each such disclosure report shall be filed with the board of ethics not more than three (3) business days following the applicable deadline for filing same with the State Ethics Commission.

Sec. 2-86. Denial, suspension, or revocation of registration; reinstatement; administrative sanction. *(Added 7/20/05, item no. 05-0867)*

(a) In addition to other penalties provided in this code of ethics, the board of ethics may by order deny, suspend, or revoke for a period not to exceed one year the registration of a lobbyist if it finds that the lobbyist:

- (1) Has filed an application for registration with the board of ethics which was incomplete in a material respect or contained a statement that was, in light

of the circumstances under which it was made, false or misleading with respect to a material fact;

- (2) Has willfully violated or willfully failed to comply with section 2-84 and section 2-85;
 - (3) Has failed to comply with the reporting requirements of section 2-85; or
 - (4) Has engaged in lobbying practices in violation of section 2-84 and section 2-85.
- (b) Application may be made to the board of ethics for reinstatement. Such reinstatement shall be conducted in the same manner as required for an initial registration under section 2-84 and shall be conditioned upon payment of any outstanding penalty or fees.
- (c) Any person failing to comply with or violating any of the provisions of section 2-84 and section 2-85 shall be subject to an administrative sanction by the board of ethics not to exceed \$1,000.00 per violation.