

**BOARD OF TRUSTEES OF THE CITY OF ATLANTA
GENERAL EMPLOYEES PENSION FUND
MINUTES OF MEETING**

May 1, 2013

A meeting of the Board of Trustees of the City of Atlanta General Employees Pension Fund was held on May 1, 2013 in City Hall, Committee Room 1, and Atlanta, GA.

TRUSTEES PRESENT:

Alfred Berry, Jr.
Gregory Nash

Douglas Strachan
Angela Green

Yvonne Cowser Yancy
Jim Beard

TRUSTEES ABSENT:

Yolanda Johnson and Aretha Sumbry-Powers

OTHERS:

Richard Larimer, GEMGroup; Kristen Denius, City Law Department; Kurt Loftler of Gray & Company, Robert Stanley, Atlanta Public Schools, Mickey Walker, City Workers Compensation, and Laurel Hill Monique Etheridge and Brian Crevoiserat of Wells Fargo Bank.

Mr. Berry called the meeting to order at 9:40 A.M. There was not a quorum until Mr. Beard and Mr. Strachan arrived later.

ADOPTION OF AGENDA:

MOTION: A motion was made and seconded to adopt the Agenda. The motion passed.

APPROVAL OF MINUTES:

Ms. Green pointed out that she had asked for a list of municipal plans whose by-laws were used as comparables to the draft changes being proposed to the General Employees' Pension Fund. She stated she had not received the list. Ms. Denius distributed a list of five boards whose by-laws she had reviewed in the process. Ms. Green commented that the list included only one defined benefit plan; the others were boards governing other types of municipal and government related entities.

MOTION: A motion was made and seconded to approve the minutes of the April 3, 2013 meeting. The motion passed.

GENERAL EMPLOYEES' PENSION FUND PENSION AWARDS:

SERVICE PENSION APPLICATIONS

The Service Pension applications on the attached spreadsheet were presented to the Board for approval.

MOTION: A motion was made and seconded to approve the service pension applications Nos. 1-8 as listed on the attached spreadsheet dated May 1, 2013. The motion passed.

CORRECTION

A correction of a previously approved Service Pension was presented for board action. The applicant had originally been approved at lower amount because she had been unable to obtain the required life insurance policy to support a buyback of past service credit. The applicant subsequently obtained the required life insurance and provided the assignment to the Plan and the pension benefit was recalculated based on the added years of service being paid back.

MOTION: A motion was made and seconded to approve the corrected pension amount as listed on the attached spreadsheet dated May 1, 2013. The motion passed.

DISABILITY PENSION APPLICATIONS

The Disability Pension application on the attached spreadsheet was presented for Board action.

Mr. Larimer recommended that application #2 be withdrawn pending further research on the status of the doctor evaluations received. The board agreed.

MOTION: A motion was made and seconded to approve Disability Pension application #1 (Morris) and to withdraw Pension Disability application #2 (Tribble) as listed on the attached spreadsheet dated May 1, 2013. The motion passed.

BENEFICIARY PENSION APPLICATIONS

The Beneficiary Pension applications on the attached spreadsheet were presented to the Board for approval.

MOTION: A motion was made and seconded to approve the Beneficiary Pension applications Nos. 1-4 on the attached spreadsheet dated May 1, 2013. The motion passed.

APPROVAL OF CHECK REGISTER AND INVOICES:

The Check Register dated May 1, 2013 was presented for review and approval.

MOTION: A motion was made and seconded to approve 15 items: #47523 - #47357 on the Check Register dated April 3, 2013 totaling \$535,730.49. The motion passed.

It was noted by Ms. Yancy that Jennison Associates had promised to provide a description of their process and the results of their efforts to engage minority owned brokerage firms to include in their

trading program but had not yet done so. The board directed Gray & Company to request it again from Jennison and instructed the topic to be placed on the agenda for the June meeting.

Mr. Berry had to excuse himself to attend another meeting. Mr. Beard served as acting Chair.

REVIEW OF FEBRUARY 2013 FINANCIALS:

The financials for the period ending March, 2013 were presented and reviewed. After a brief discussion,

MOTION: A motion was made and seconded to accept receipt of the March 2013 financial statements as presented. The motion passed.

LAW DEPARTMENT:

Board By-Laws- Revised Draft – Ms. Denius distributed a revised draft incorporating comments from the April meeting, along with the list of municipal and government related boards whose by-laws were reviewed for comparison purposes. Further discussion and consideration of adoption will be handled at the June meeting.

Fiduciary Liability Insurance Application – Status Update - Ms. Denius reported that she had received the necessary information from GEMGroup but was still waiting a contact to be assigned from the Finance Department. Mr. Beard apologized for the delay and promised to assign somebody to work with the Law Department to get the Application completed.

INVESTMENT CONSULTANT REPORT

Quarterly Performance Report- March 31, 2013 – Kurt Lofter of Gray & Company reviewed the investment performance report for the first quarter. The US Equity markets as measured by the S&P 500 Index had a good quarter, up 10.6% and an increase of 14% over the past 12 months. The slow but steady recovery in the domestic economy and the Federal Reserve's stimulus actions have contributed to the positive performance.

On a net of fee basis, the GEPP portfolio was up 7.76% in the current quarter, 12% for one year, and 10.49% for the 3-year period. The quarter and one-year returns were above benchmarks; 3-year performance missed by 6 basis points. The Fund's assets were \$1.051 billion.

Mr. Lofter highlighted two over the managers that are on probation. Cornerstone (formerly Madison Square) seemed to be benefiting from a change in portfolio manager team as the Mid Cap manager delivered returns for the quarter and one-year period of 200 and 300 basis points, respectively. Earnest Partners continued to struggle in the Small Cap space, with net-of-fee performance lagging their benchmark by 200 and 250 bps in the quarter and one-year time frame. Mr. Lofter suggested that if the board wanted to take action he would arrange for a conference call for the full board within the next week, or the discussion can be placed on the June agenda. The board members present felt that the June meeting would be soon enough.

Mr. Berry requested that the performance report be delivered further in advance of the meeting dates in the future.

Ms. Green suggested that the board's requests of certain managers concerning minority owned brokers participating in their trading programs have been made many times over the past few years and that perhaps the board should consider replacing managers that do not respond satisfactorily. Ms. Yancy requested that Gray & Company update their report on minority owned brokerage firms and their level of participation in the trading activities of the GEPP among its investment managers so that the board

can take specific actions regarding investment managers that either comply or do not comply with the board's stated policy of including minority brokerage firms.

OLD BUSINESS:

Securities Lending – Wells Fargo & Citibank - Brian Crevoiserat of Wells Fargo Institutional Retirement and Trust, updated the board on the process of establishing this relationship. The documents are mostly completed and reviewed by Ms. Denius. The various schedules and exhibits that are part of the agreement are the subject of a conference call scheduled for the following Tuesday to resolve any outstanding issues. Board members were invited to participate. The documents should be ready for signature by the June meeting and implementation of the securities lending program expected shortly thereafter.

Ms. Green asked about minority owned brokers on the list of approved borrowing brokers. Mr. Crevoiserat committed to provide the list of approved brokers to the board members.

Mr. Berry suggested that the Securities Lending Agreement be reviewed and updated at least every five years.

Disability Pension Recalculations – Correction Project -

Mr. Larimer provided a summary update of this project to recalculate disability pensions for those people who turned 60 years of age and whose pensions should have been recalculated to normal service pension but were not. The initial group of 47 received the notification letters on or about April 8th; 11 people telephoned the Fund Office to inquire but only several raised any serious objections. GEMGroup has received from the City the missing file data on the remaining group of 60 individuals. After examination, GEMGroup determined that only 11 of those individuals required recalculations (8 were overpayments and 3 underpayments and received a retroactive reimbursement). Those letters also were mailed. This project is now completed and the status of all current disability payments has been verified. In response to a question from Ms. Green, Mr. Larimer confirmed that the process is in place at GEMGroup to ensure that all disability benefits will be reviewed and recalculated when the recipient reaches age 60 as required by the Plan.

Investment Consultant RFP -Update – This item was deferred to next meeting.

Pension Staff Director/Chief Investment Officer Positions – Mr. Beard and Ms. Yancy reported that this process is underway.

Securities Monitoring Matters – Updates – This is the standing agenda item that Mr. Strachan had asked to be added. In Mr. Strachan's absence, discussion will be deferred to next meeting.

NEW BUSINESS:

Direct Deposit Implementation – Mr. Larimer provided and status report on the implementation of mandatory direct deposit. Notices of the change to be effective July 1, 2013 were included with the April benefit checks. The reaction thus far has been positive in that only about a dozen of the 866 people currently receiving checks have called the Fund Office, and many have already returned the form that was enclosed to authorize direct deposit. A second notice will be included with the May checks and this item will remain on the agenda for further updates.

Ms. Yancy expressed confidence that a debit card solution, similar to the program now used by Atlanta Workforce Development Agency, can be provided for individuals who for whatever reason do not establish a direct deposit arrangement with a bank or credit union. She also stressed that this debit card solution should be accomplished without any fees charged to the participants. GEMGroup, Wells Fargo and City Finance staff will need to work on setting up this mechanism.

New Product for Deferred Compensation (457), etc. - This topic will be deferred to the next meeting.

Resolution to Delay Adoption of Change in the Investment Assumption from 8.0% to 7.5% - Mr. Beard and Ms. Yancy offered a Resolution authorizing a delay in the change of investment assumption from 8.0% to 7.5% until Fiscal Year 2015. Ms. Yancy explained that it was important in order to avoid the adverse financial impact of such a change on APS by requiring an increased contribution.

Mr. Strachan asked three questions; 1) Will this have any effect on employee contributions? 2) Will this negatively impact the City's budget? And, 3) Will this increase the pension plan's unfunded liability?

Mr. Beard responded by stating, 1) There will be no effect on employee contributions, 2) the budget impact has been analyzed and determined to be minimal and manageable, and, 3) the unfunded liability will increase as result of the delay but the amount is small and its effect would be temporary. Mr. Strachan was satisfied.

Ms. Green expressed support for helping APS but was concerned about the amount of the impact and its effect on the City's portion. Mr. Beard commented that his rough estimate would be approximately \$1 million in the deferred amount and again stated that this was a manageable number in the short term.

MOTION: A motion was made and seconded to adopt the Resolution authorizing the delay in changing the investment assumption from 8% to 7.5% for the APS Plan until Fiscal Year 2015. The motion passed.

Final Disposition of Partial Pension Benefits to Deceased Participants Heirs – Ms. Denius raised the issue of final dispositions of relatively small amounts without requiring probating of a will and/or estate. The current policy requires final probating which in most cases costs more than the residual amount owed, resulting in a situation that makes it impractical to ever disperse the benefits. After considerable discussion, the board requested that the Law Department provide some policy options and for the Fund Office to provide some data on the list of individuals and the magnitude of the issue for discussion at the next board meeting.

MOTION: A motion was made and seconded to go into Executive Session to discuss privileged attorney/client matters involving litigation. The motion passed.

{Executive Session begins}

{Regular Session resumes}

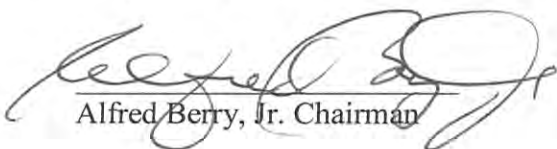
MOTION: A motion was made and seconded to authorize the payment by the General Employees' Pension Fund of a portion of the Alston & Byrd legal bill in the Tribune case not to exceed a range of \$25,000 - \$30,000. The motion passed.

July Meeting Date Change - Reminder: The July meeting date was changed from Wednesday, July 3, 2013 to Thursday, July 11, 2013.

PUBLIC COMMENT:

There being no further business to discuss, the meeting was adjourned at 11:40 p.m.

Respectfully submitted:


Alfred Berry, Jr. Chairman


Jim Beard, CFO & Secretary