

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

June 1, 2011

A meeting of the Board of Trustees of the City of Atlanta General Employees Pension Fund was held on June 1, 2011 in City Hall, Committee Room 1, and Atlanta, GA.

TRUSTEES PRESENT:

Alfred Berry, Jr.
Jo Ellen Paige
Yolanda Johnson

Aretha Sumbry-Powers
John Bell

Sherri Dickerson
Aaron Watson

TRUSTEES ABSENT:

Joya De Foor

Douglas Strachan

OTHERS:

Richard Larimer and James Bell of GEMGroup; Amber Robinson, City Law Department, Ray Adams, Office of Retirement Services; Yvonne Cowser Yancy, City of Atlanta Human Resources Department; Eric Atwater of the Segal Company, Bob Hubbard of Gray & Company, Laurel Hill, Wachovia Bank and Angela Green, retiree and former board member.

Ms. Powers called the meeting to order at 9:30 A.M. There was a quorum.

New Trustee

Ms. Yvonne Cowser-Yancy was sworn in as a trustee of the General Employees' Pension Plan board, replacing the outgoing Ms. Sherri Dickerson. Mr. Berry thanked Ms. Dickerson for her service on the board.

ADOPTION OF AGENDA:

MOTION: A motion was made and seconded to adopt the Agenda with the addition under New Business of a discussion of authorization of extending the pension buyback time for Water Department employees who had transfers from the Defined Contribution plan to the Defined Benefit plan. The motion passed.

APPROVAL OF MINUTES:

Mr. Berry asked about the explanation that had been requested for several check reversal items on last month's bank statement. Ms. Hill of Wachovia prepared a report explaining those transactions and offered to review it with the board. She offered to furnish it to the board after the meeting.

MOTION: A motion was made and seconded to approve the minutes of the April 6 and May 4, 2011 meetings. The motion passed.

GENERAL EMPLOYEES' PENSION FUND PENSION APPLICATIONS:

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 service pension applications Nos. 1-12, as listed on the attached spreadsheet dated June 1, 2011. The motion passed.

DISABILITY PENSION APPLICATIONS

The Disability Pension Applications on the attached spreadsheet were presented to the Board for approval:

MOTION: A motion was made and seconded to approve disability pension applications Nos. 1 and 2 as listed on the attached spreadsheet dated June 1, 2011. 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 Beneficiary Pension applications No. 1 - 6 on the attached spreadsheet dated June 1, 2011. The motion passed.

APPROVAL OF INVOICES AND CHECK REGISTER:

The Check Register on the attached spreadsheet was reviewed by the Trustees.

In response to a question, Mr. Larimer explained that Check # 24260 to Sam's Check Cashing was related to a participant who had not received his refund check within a few days after it had been issued. After speaking with the participant twice to advise him that the check was likely to arrive shortly, the participant asked that a Stop Payment order be entered and a new check issued. The

participant was instructed not to cash the original check if it did arrive. The original check arrived the next day, the participant cashed the check at Sam's, but the Stop Payment had already been implemented. The check was issued to make good on the check that had already been cashed. In this particular instance, GEMGroup agreed to cover the \$30 returned check fee owed to Sam's. A deposit to the GEPP checking account will be made by GEMGroup.

MOTION: A motion was made and seconded to approve 15 items on the Check Register totaling \$830,166.56. The motion passed.

REVIEW OF FEBRUARY 2011 FINANCIALS:

The financials for the period ending April 30, 2011 were reviewed. Mr. Berry asked if Ms. De Foor had had a chance to review and comment on the financials. Mr. Larimer said that Ms. De Foor had not.

Mr. Larimer stated that since the last meeting he had sent to Ms. De Foor a list of approximately 10 different reports and schedules of financial data that the Administrator delivers to the City Finance & Accounting Department each month, providing the detail behind the information summarized in the financial statements that are presented to the board.

ACTUARY REPORT

None

LAW DEPARTMENT:

Interest Rate Change on Contributions

Mr. Berry noted that Ms. Denius had provided a draft of ordinance to lower the interest rate that would be paid on contributions held in the plan and then paid as refunds to participants. The rate is currently 5% per annum and is proposed to be reduced to 1%. Mr. Berry asked that the board members review the draft of ordinance prior to discussion at the next board meeting.

Ms. Green asked if the proposed change to reduce the interest rate paid would be announced in advance. Mr. Berry responded that the ordinance must first be approved by City Council and that there will be an opportunity for public comment.

INVESTMENT CONSULTANT REPORT:

Mr. Hubbard commented that the Education session for trustees held on May 25, 2011 was very effective and that Gray & Company had received good feedback on the JP Morgan presenters and the overall quality of the program.

Flash Report – April 30, 2011

Mr. Hubbard distributed the April Flash Report and mentioned that it had been reviewed in detail at the May 25th Education session. He also distributed a summary of manager account balances and market values as of the prior day, highlighting that total plan assets were \$1.088 billion as of May 31 and that the Vanguard S & P 500 Index account had been funded with assets transferred from the New Amsterdam and Earnest Partner Large Cap portfolios.

Ryan Williams Study – Georgia State University

Mr. Hubbard asked if the board wanted to invite Mr. Williams to present his report on Indexing to the board. After discussion, it was decided not to ask Mr. Williams to present his findings, in as much as the decision to utilize a passive, indexing strategy for a portion of the GEPP portfolio had been already been made and implemented in May.

OLD BUSINESS:

Data Correction Project and Annual Pension Statements - Update

Mr. Larimer reported that two additional issues were uncovered during the data correction work that is underway that have delayed delivery. Approximately 500 people who had received a 2009 Pension statement had accurate contribution but not accurate corresponding work hours history for the period; consequently their years of service is not correct. Also, an additional 89 individuals were identified on one of the files whose refund data is not accurate. Two spreadsheet files have been prepared and sent to the City for corrections. These are the two remaining obstacles to completing the 2010 Pension statements. The revised target date for mailing is the third week of June.

Ordinance 11-O-0672

A discussion on the ordinance proposing changes to the General Employees' Pension Plan was held. Ms. Robinson, City Law Department commented that the draft of legislation still contain two different provision that were still be deliberated by Council and the Mayor's Office, making it difficult for the board to take action on a recommendation.

Mr. Berry pointed out the fact that the City's budget must be adopted by June 30 which is prior to the GEPP board's next meeting. If the City budget must include a proposal to amend the pension plan, the board may not have an opportunity, except by calling a special meeting, to vote its recommendation in advance.

In response to questions, Ms. Robinson summarized the two versions. One calls for all active employees to be moved to a defined contribution plan to which the employees would contribute 6% and the City would match the employee contribution. There would be no participation in Social Security.

The second version would give current employees a choice to enroll in Social Security or not; all future employees must participate in Social Security. All employees would be enrolled in a 457 Plan that provides employees the ability to make voluntary contributions that would be matched by the City.

Mr. Watson commented that it was likely that a third option would be proposed. He also stated that it did not appear likely that Council would be able to vote on pension reform prior to the June 30 budget approval deadline. His suggestion was for the board to anticipate holding a special meeting to discuss this topic thoroughly after the actual proposal that Council will be considering is known. Mr. Berry concurred.

MOTION: A motion was made and seconded to authorize the board Chairman to call a special meeting at his discretion, if needed, for the purpose of discussing and formulating a recommendation to Council on the final proposed pension reform ordinance. The motion passed.

Extension of Buy Back Period for Participants Affected by United Water Transfer

MOTION: A motion was made and seconded that any participant affected by the transfer back to the City from United Water and who elects to buy back pension service be able to extend the buy-back period to 10 years. All other terms and conditions of the buy-back procedures would remain the same. The motion passed.

NEW BUSINESS:

Pension Administrator Vacancy in the Finance Department

Discussion of this topic was deferred until Ms. De Foor could be present.

PUBLIC COMMENT:

Several individuals asked to be recognized and addressed the board.

Ms. Hackett addressed the board to mention that her firm had been hired by the City of New Orleans to analyze and propose various options for its pension plan. She asked the board to define the meaning of the term "hard freeze". Ms. Robinson explained that hard freeze means that from a date certain, no further contributions by employees would be made to the Plan and no additional pension benefit would be earned in the GEPP in the future.

The City would continue to be obligated to make its Annual Required Contribution to the Plan.

Ms. Green commented that the 457 Plan provided for hardship withdrawals and she believes is often misused by employees to withdraw money prior to retirement, effectively eliminating the retirement benefit of this type of plan for many employees.

Mr. Berry questioned the treatment of vacation time in the proposed legislation and the requirement that 80 hours must be carried over to the defined contribution plan and would not be available as part of a future pension calculation.

Ms. Hackett asked how the City of Atlanta determined that a defined contribution arrangement was the preferred solution to their pension liability issues. The board directed her to the Mayor's pension panel that came up with the defined contribution recommendation.

Mr. Watson, speaking as a member of City Council, stated that the Council views its role as having fiduciary responsibility for the entire City, of which the GEPP is only a part. He believes that City Council would welcome and benefit from input from the GEPP board on the pension reform proposals and suggested that the board might even consider engaging a professional consulting firm to help the board to analyze and formulate well-informed positions as to the proposed changes.

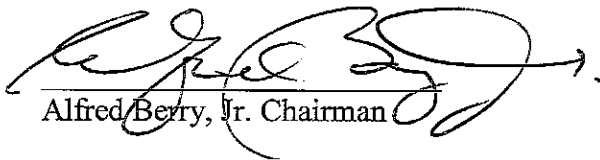
Ms. Anika Carter

Ms. Carter explained to the board that she was trying to obtain her beneficiary pension benefit after her late husband's death in 2009. The obstacle has been that Ms. Carter was unable, at the time of her original application, to provide documentation of a legal marriage. There was no Marriage Certificate. Ms. Carter filed a motion with the court to be declared the legal spouse under the common law rules in the State of Georgia. That court order had recently been obtained and the processing of the beneficiary pension could be completed. Ms. Carter's husband had not paid the 1% fee for beneficiary coverage during his employment. Ms. Carter was requesting that the board grant her ability to repay the beneficiary coverage fee amount by a deduction from her monthly benefit until the amount owed the plan for such coverage was paid in full.

MOTION: A motion was made and seconded to allow Ms. Carter to pay the beneficiary fee amount owed to the plan by a deduction from her monthly benefit and to process and issue her benefit immediately and have it appear on the July agenda for formal approval. The motion passed.

There being no further business to discuss, the meeting was adjourned at 11:15 a.m.

Respectfully submitted:



Alfred Berry, Jr. Chairman

Joya C. De Foor, CFO & Secretary