

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

September 4, 2013

A meeting of the Board of Trustees of the City of Atlanta General Employees Pension Fund was held on September 4, 2013 in City Hall, Committee Room 1, and Atlanta, GA.

TRUSTEES PRESENT:

Alfred Berry, Jr.
Gregory Nash
Aretha Sumbry-Powers
Yvonne Cowser Yancy

Douglas Strachan
Angela Green
Yolanda Johnson
Jim Beard

TRUSTEES ABSENT: None

OTHERS:

Richard Larimer, GEMGroup; Kristen Denius, City Law Department; Ray Adams, Office of Retirement Services; Kurt Lofters and Lisa Joe of Gray & Company, Laurel Hill and Monique Etheridge of Wells Fargo Bank, Robert Stanley and Terry Dukes of Atlanta Public Schools, Mickey Walker, Risk Management, Jeannette Cooper of Segal, and Auta Lopes of Bretwood Capital; and Patrick Sullivan, Tom Dillman and Stephen Rich of Mutual of America Capital.

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

ADOPTION OF AGENDA:

A revised Agenda was distributed with Election of Trustees added under Old Business and a presentation by Morgan & Morgan law firm added under New Business.

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

APPROVAL OF MINUTES:

MOTION: A motion was made and seconded to approve the minutes of the August 7, 2013 meeting. The motion passed. Mr. Berry asked that a copy of the signed minutes be mailed to Ms. Eleanor Bacon as a follow up to her appeal denial of last month.

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. 1-21 as listed on the attached spreadsheet dated September 4, 2013. The motion passed.

DISABILITY PENSION APPLICATIONS

The Disability Pension applications on the attached spreadsheet were presented for Board action.

MOTION: A motion was made and seconded to approve Disability Pension applications Nos. 1 & 3 and to deny Disability Pension application No. 2 due to lack of an affirmative physician opinion as listed on the attached spreadsheet dated September 4, 2013. The motion passed.

BENEFICIARY PENSION APPLICATIONS

The Beneficiary Pension application on the attached spreadsheet was presented to the Board for approval.

MOTION: A motion was made and seconded to approve the Beneficiary Pension application on the attached spreadsheet dated September 4, 2013. The motion passed.

Ms. Yancy inquired about the calculation for Ms. Bickers, noting that she had received a call from the participant questioning whether the amount was correct. Mr. Adams stated that he had reviewed the final calculation with the participant and that it was correct and she was in agreement.

APPROVAL OF CHECK REGISTER AND INVOICES:

The Check Register dated September 4, 2013 was presented for review and approval.

Mr. Larimer pointed out that the two checks and invoices for Wells Fargo Custody Fees represented amounts due for the first and second quarter. Timing of preparing and submitting these initial invoices resulted in them being processed at the same time. It was also noted that the fee in the first quarter (that covered only the month of March) included initial set up fees and a larger than normal number of transactions related to the initial asset transfers. Ms. Etheridge answered several other specific questions on the Wells Fargo custody invoice.

Mr. Beard inquired about the methodology of the Gray & Company consulting fee, raising a potential concern of a conflict of interest if their fee was based on asset values and therefore would be being compensated for consulting on an investment that they also were receiving compensation on as the sponsor. Mr. Larimer stated that the Gray & Company fee was a fixed dollar amount per month as specified in their contract. Mr. Beard was satisfied that no appearance of conflict was present.

MOTION: A motion was made and seconded to approve 9 items: #50725 - #50733 on the Check Register dated September 7, 2013 totaling \$187,274.96. The motion passed.

REVIEW OF MAY 2013 FINANCIALS:

The financials for the period ending July 31, 2013 were presented and reviewed. Mr. Berry asked about the Indirect Cost item of \$23,707 appearing in both the City and APS financial statements under Administrative Expenses. Prior to the end of the meeting, Mr. Larimer explained this was for the purchase of watches for retirees. It was suggested that the account caption of Indirect Costs be changed; Mr. Larimer agreed to make the change in next month's statements.

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

LAW DEPARTMENT:

Board By-Laws- Revised Draft – Ms. Denius commented that this item is being carried on the Agenda as an open item and will be discussed at a future meeting.

Fiduciary Liability Insurance Application – Status Update - Ms. Denius reported that she and Mr. Larimer were working on getting quotes from several carriers including the one for the Police and Fire Plans.

Disability Pension Application Eligibility – Plan Language Amendment – A proposed Plan amendment was presented for discussion, clarifying the eligibility rule for filing an application for a Disability Pension. The long-standing practice of ORS is that in order to be eligible to submit an application for a disability benefit a participant must be an active employee or have a Workers Compensation claim that has not been settled and finalized. However, the Plan document does not specifically state this requirement and the rule was recently challenged successfully by counsel for an applicant who had been denied on this basis.

Mr. Strachan suggested a change to the wording of the draft and Ms. Green asked for clarification on how it would impact a person who was pursuing a Workers Compensation claim. After further discussion,

MOTION: A motion was made and seconded to amend the Plan language to specify that in order to be eligible to submit an application for a disability benefit the applicant must be in active employment status or have a valid Workers Compensation claim that is still in the process and not yet settled. The motion passed.

Ms. Denius will edit the draft paragraph with Mr. Strachan's comments and arrange for the amendment to be presented for action at a City Council meeting.

ACTUARY REPORT

Beneficiary Update Project - Mr. Larimer reported that this project was underway and that beneficiary data was being loaded manually to the system. Estimated completion is November and this timeframe was discussed and is agreeable with Segal. Ms. Cooper concurred and will incorporate a November 30 delivery date in the processing timeline that she is preparing.

INVESTMENT CONSULTANT REPORT

Mr. Lofters reviewed the Flash Performance Report for July 31, 2013. The total fund composite return for the month of July was 4.33% net of fees, 71 basis points (bp) over the benchmark. The one-year return was 20.92%, outpacing the benchmark by 4.5%. For the month, Channing Capital showed the best performance at 8.46%, 200 bps over their benchmark. Mr. Lofters pointed out that they expect August performance to be down.

Mr. Strachan asked that managers who are on probation be highlighted on future reports. Gray will check into their capability to provide.

Mr. Beard inquired about the fixed income segment and what activity Gray & Company had been seeing in this category. Mr. Lofters commented that money was flowing into shorter durations in anticipation of rising rates.

Mutual of America Capital Management – Messrs. Sullivan, Dillman and Rich presented their Disciplined Small Cap Value product. Highlights are that the parent firm was founded in 1945 and the Capital Management arm was established in 1993. They manage \$12.7 billion in assets with 25 investment professionals with an average experience of 23 years in the business. Performance has been above benchmark in 6 of last 7 periods and 5 of last 5, exceeding the benchmark Russell 2000 Value by 280 and 266 bps, respectively. They also pointed out their low ranking in terms of risk, in the lowest 1% among their peers in standard deviations of returns in 5 of the last 7 years.

Mr. Strachan asked for their commentary on indexing. Mr. Rich commented that they are an active manager and he believes they can deliver value in excess of benchmark returns: since inception there performance has beaten the benchmark by 2.45%. After a brief further discussion, the board thanked Mutual of American for the presentation.

Small Cap Manager Search - Numerous questions on the vetting process for managers to be reviewed, the extent of their compliance with the board's minority ownership and staffing preferences and the process by which names get on the list for consideration were raised. Rather than proceed with the discussion of managers, the board suggested that Mr. Lofters and Gray & Company do some additional research and provide it to the board. Depending on the timing of delivery, a special meeting could be called to review the list of recommendations or it will be a topic on next month's agenda.

OLD BUSINESS:

Trustee Elections – Mr. Adams provided to the board a copy of a letter to City of Atlanta Active employees announcing the election of two board positions currently held by Mr. Berry and Mr. Strachan. The letter notifies all employees that the qualifying period for the election will be September 11, 2013 through September 26, 2013. At the end of the meeting, Mr. Adams provided a similar letter to be sent to the employees of Atlanta Public Schools. The form of letter was approved and will be sent to all employees

Investment Consultant RFP -Update – The RFP has been received by interested bidders and several have responded with requests for additional information which were forwarded to GEMGroup and to Segal; Both have responded with the requested information.

Securities Monitoring Update – No noteworthy updates to report.

NEW BUSINESS:

Appeal of Denial of Disability Pension Application – Lori Collins-Jones – Ms. Collins-Jones submitted an additional new Functional Capacity Evaluation and a revised statement and completed application form from the City’s doctor. Both confirmed that Ms. Collins-Jones was totally and permanently disabled.

MOTION: A motion was made and seconded to approve the re-submitted application for disability pension for Lori Collins-Jones. The motion passed.

Direct Deposit Implementation – Mr. Larimer reported that 658 of the original 866 people who had been receiving paper checks had authorized Direct Deposit, a compliance rate of 76%. Implementation of a mandatory Debit Card program for the remaining retirees will be part of Citywide platform that is targeted to be implemented in the first quarter of 2014. In the meantime, retirees who have not authorized Direct Deposit will continue to receive a paper check, along with a reminder notice insert to sign up for Direct Deposit.

Interest Rate on Refunds of Contributions - Discussion on this item was deferred to a future meeting.

Plan Clarifications and Processing Rules - Mr. Larimer presented a revised Summary of Plan Clarifications, adding Items 27 & 28. Item 27 confirms current plan practice of paying the participant’s beneficiary benefit to minor children from a prior marriage until the age of 18 (or 23 if in school), then to the current spouse thereafter. Item 28 confirms current plan practice of combining benefit service years from APS and City, regardless of any breaks in service, and calculating the pension benefit based on those aggregate benefit service years.

MOTION: A motion was made and seconded to approve the addition of Items 27 & 28 to the Summary of Plan Clarifications and Processing Rules. The motion passed.

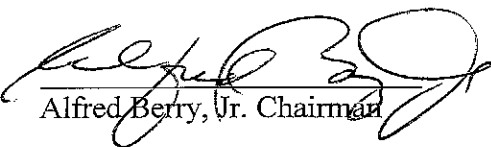
Morgan & Morgan – Christopher Polaszek presented the capabilities of the Morgan & Morgan law firm and his particular experience in the area of securities litigation representing plaintiffs. The firm is one of the largest 200 law firms in the country with the securities Class Action Practice Group headquartered in New York; Mr. Polaszek practices out of the Tampa, FL office and has clients throughout the Southeast. Mr. Polaszek proposed that Morgan & Morgan be engaged on the same basis as the other law firms currently representing the General Employees’ Pension Fund in securities monitoring and litigation matters.

MOTION: A motion was made and seconded to add Morgan & Morgan to the list of law firms authorized by the board to represent the GEPP in securities litigation matters. The motion passed. Ms. Green voted No.

There being no further business to discuss, the meeting was adjourned at 12:15 p.m.

The next meeting will be held on Wednesday, October 2, 2013 in Conference Room 1, City Hall.

Respectfully submitted:


Alfred Berry, Jr. Chairman


Jim Beard, CFO & Secretary