

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

October 2, 2013

A meeting of the Board of Trustees of the City of Atlanta General Employees Pension Fund was held on October 2, 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 of Gray & Company, Laurel Hill of Wells Fargo Bank, Robert Stanley and Terry Dukes of Atlanta Public Schools, Mickey Walker, Risk Management, Leslie Ward, Audit Department, Jonathan Shapiro, WABE, and Russell Grantham, AJC.

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

ADOPTION OF AGENDA:

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

APPROVAL OF MINUTES:

MOTION: A motion was made and seconded to approve the minutes of the September 4, 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. 1-10 as listed on the attached spreadsheet dated October 2, 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 - 5 as listed on the attached spreadsheet dated October 2, 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 Beneficiary Pension applications Nos. 1-3 on the attached spreadsheet dated October 2, 2013. The motion passed.

APPROVAL OF CHECK REGISTER AND INVOICES:

The Check Register dated October 2, 2013 was presented for review and approval.

MOTION: A motion was made and seconded to approve 13 items: #50782 - #51054 on the Check Register dated October 2, 2013 totaling \$102,118.48. The motion passed.

REVIEW OF MAY 2013 FINANCIALS:

The financials for the period ending August 31, 2013 were presented and reviewed. Mr. Berry asked about the formatting of the statements, commenting that showing the quarterly totals, then annual totals, followed by two columns for the past two months was confusing. He asked that the format be revised. Mr. Larimer will have the financials prepared in a different format for the next meeting.

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

Mr. Berry requested that meeting Agendas be prepared and distributed at least one week in advance of the meeting. Mr. Larimer agreed, while noting that the remainder of the package would continue to be delivered no later than Monday prior to the meeting to allow time for all pension processing to be completed.

MOTION: A motion was made and seconded to adopt the practice that meeting agendas be distributed a week in advance of the meeting dates. The full package of meeting materials will continue to be delivered no later than the Friday prior to the meeting. 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 had completed an application and submitted it an insurance broker – the firm used by the Police and Fire Plans – and expected to have quotes from several carriers before the November meeting.

Mr. Berry distributed a new form of ethics letter and explained that any trustee wishing to participate in the evaluation of the RFP responses will be asked to sign it in advance. Mr. Strachan added that the letter is used at the Airport in their procurement process. Ms. Yancy commented that the board had reviewed and voted to follow the City’s Procurement Policy with respect to the consulting services RFP; the Ethics Form is part of those procedures. Ms. Johnson wanted to clarify that if a board member was not going to serve as an evaluator and therefore did not have to sign the Ethics Form that the board member could still vote on the selection. Her understanding was confirmed as correct. Ms. Denius reminded the board that whether the Ethics Form was signed or not, all board members were subject to the City’s Ethic Policy and protocols on conflict of interest.

Mr. Berry stated for the record that the he finds the references in the press to the “board’s mismanagement of the pension fund” to be objectionable. The alleged potential conflict of interest has been directed at one of the service providers to the board, who was hired prior to any current board members serving on the board, regarding a particular investment and is not directed at the board itself.

ACTUARY REPORT

No report

INVESTMENT CONSULTANT REPORT

Mr. Lofters began by confirming that Gray & Company has submitted its resignation as the Fund’s investment consultant. He thanked the board for its past support over the past 18 years.

Mr. Lofters reviewed the Flash Performance Report for August 31, 2013. The total fund composite return for the month of August was (1.65%) net of fees, consistent with the policy benchmark. The one-year return of 16.06%, outpaced the benchmark by 3.86%; the 3- and 5-year also were in excess of the benchmark (Net of Fees) by 30 bps and 37 bps, respectively.

Small Cap Manager Search – Mr. Lofter acknowledged that they were in the midst of the replacement Small Cap Manager as a result of the termination of their agreement by Jennison. Mr. Berry reported that Ms. Foreman, co-CEO of Gray & Company, had offered to continue to provide assistance in the transition of the Jennison portfolio.

Mr. Strachan suggested that the board authorize Mr. Beard to look at several passive managers (such as EFT or iShares) and transition the portfolio to the temporary manager between board meetings. Mr. Beard stated he was not comfortable being in that position. He offered to contact several of the large index/passive managers in the Small Cap space and present his findings for board action at a Special Meeting.

The consensus of the board was to not further extend the relationship with Jennison or to continue to rely on Gray & Company given that they have resigned.

MOTION: A motion was made to ask the Finance Department to solicit proposals from the three largest managers in the passive strategy segment: BlackRock, State Street and Vanguard, to act as replacement manager for the current Jennison Small Cap portfolio and to present those proposals at a Special Board meeting to be held October 9, 2013. The motion passed.

Wendell Bryant of the City's Procurement Department addressed the board and reviewed the process with respect to the FC 6535 RFP evaluation process. He stated that all evaluators of the RFP will need to sign the Ethics Form and return to him. A copy of the RFP will be distributed to each of the board members who have returned a signed Ethic Form. A blackout period has commenced during which no contact concerning the RFP may be made with any outside party. Each board member is asked to read and evaluate the RFP responses individually, then to convene a special meeting to discuss and make a decision. The board set a meeting date of Thursday, October 17, 2013 at 10:00 am.

Ms. Yancy began a discussion on the topic of evaluating the RFP in a meeting that is not public. Ms. Denius will need to research the procedure of having a meeting that comprises a quorum that can also be private and not open to the public. Ms. Denius will provide guidance after her research is completed.

OLD BUSINESS:

Trustee Elections – Mr. Adams distributed for board review the Election Notice letters that will be distributed to all employees. The ballots will be distributed on October 4th. In response to a question from Ms. Yancy, Mr. Adams described the election process and how it was designed and controlled to ensure that the election is fair and open. Ballots are delivered to HR Supervisors with a list of those employees in their particular unit. Only the number of ballots as there are people on the list will be distributed and as each individual returns his or her they will be checked off the list. The election will be concluded the week before Thanksgiving and the results should be available by the December board meeting.

Beneficiary Data Project – Update – Mr. Larimer reported that the Beneficiary Data project was on schedule to be completed and the updated data furnished to Segal by the target deadline of the end of November.

Securities Monitoring Update – No updates to report.

Interest Rate on Refund Contributions – Mr. Beard asked that this item be deferred to a later meeting.

NEW BUSINESS:

Gray & Company Matter – The topic was covered earlier in the meeting.

Mr. Berry referenced the Resolution that the board passed in April that he characterized as condemning Ms. Green for filing the complaint with the Securities and Exchange Commission (SEC) and asked that the board consider rescinding that prior Resolution. He commented that given all that has transpired since April and the allegations that have appeared in the press perhaps warranted a reconsideration of that Resolution.

MOTION: A motion was made and seconded to rescind the board's Resolution of April 3, 2013.

Considerable discussion ensued. Ms. Johnson asked if a rescission vote was proper. Ms. Denius commented that a motion for reconsideration had to be made at the same meeting as the original resolution was acted on, but needed to further research the rules for rescinding a prior Resolution. She went on to comment that she felt that the motion that was being debated mischaracterized the meaning and intent of the April 3, 2013 Resolution. Ms. Denius stated that the Resolution was drafted for the purpose of clarifying that Ms. Green's action in filing the complaint with the SEC was an individual act on her part, not in her capacity of a representative of the board, and further did not characterize Ms. Green's actions as right or wrong. Ms. Yancy expressed her understanding that the Resolution did not condemn Mr. Green nor did it censure her in any way. The Resolution simply clarified the actions taken by Ms. Green as an individual and not as an express, endorsed position of the entire board. Mr. Strachan stated that he did not think it appropriate to bring up this issue without it being on the Agenda in advance in order to give board members a chance to give it adequate thought in advance. He commented that it was unprofessional and places board members and the Law Department uncomfortable. Ms. Johnson concurred by saying that there had been ample opportunity to place the item on the Agenda last week or even at the start of the meeting when the motion was made to adopt the Agenda.

MOTION: A motion was made and seconded to put the above motion on hold.

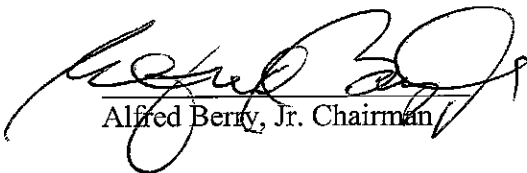
Discussion ensued. Mr. Berry asked why the motion to hold. Ms. Yancy stated that there needed to be sufficient time for Law to research the appropriateness of the rescission action and to generally allow the board members more time for thought on the issue. Ms. Yancy called the question. The vote was four Yes and four No. The motion failed for lack of a majority.

Ms. Yancy called the question on the first motion to rescind the April 3, 2013 Resolution. The vote was four Yes and four No. The motion failed for lack of a majority.

There being no further business to discuss, the meeting was adjourned at 11:25 a.m.

The next meeting will be held on Wednesday, November 6, 2013 in Conference Room 1, City Hall.

Respectfully submitted:



Alfred Berry, Jr. Chairman



Jim Beard, CFO & Secretary