

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

October 5, 2011

A meeting of the Board of Trustees of the City of Atlanta General Employees Pension Fund was held on October 5, 2011 in City Hall, Committee Room 2, and Atlanta, GA.

TRUSTEES PRESENT:

Alfred Berry, Jr.
Jo Ellen Paige
Yolanda Johnson

Aretha Sumbry-Powers
Douglas Strachan
Joya De Foor

TRUSTEES ABSENT: Yvonne Cowser-Yancy
Aaron Watson

OTHERS:

Richard Larimer, GEMGroup; Kristen Denius, City Law Department, Ray Adams, Office of Retirement Services; Larry Gray and Lisa Joe of Gray & Company. Also present were James Pontone and Cassandra Hardman, Johnston Asset Management and William Roach, Globalt Investments.

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

Mr. Berry asked that Globalt Investments be added to the agenda as making a portfolio review presentation at the meeting.

ADOPTION OF AGENDA:

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 September 7, 2011 meetings. 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 service pension applications Nos. 1-11, as listed on the attached spreadsheet dated October 5, 2011. The motion passed.

DISABILITY PENSION APPLICATIONS

The Disability Pension Applications on the attached spreadsheet were presented to the Board.

MOTION: A motion was made and seconded to approve Disability Pension applications 1-4 on the attached spreadsheet dated October 5, 2011. The motion passed.

MOTION: A motion was made to deny Disability Pension application No. 5 due to inconclusive determination of disability on the physician's statement. 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 – 5 on the attached spreadsheet dated October 5, 2011. The motion passed.

APPROVAL OF CHECK REGISTER AND INVOICES:

The Check Register was reviewed by the Trustees.

The board questioned check # 29065 captioned “Pension Summary Postage Expense” payable to GEMGroup. Mr. Larimer explained that the expense was for mailing the Annual Pension Statements to participants at the end of June and beginning of July. The regular invoices from GEMGroup for September and October included the normal monthly amount for postage, causing some confusion about the separate charge. Mr. Larimer stated that he would re-submit the invoice with more complete documentation at the next meeting and the board should defer signing the check.

Mr. Berry also questioned check #26877 for \$625,834 that appears on the bank statement. Mr. Larimer explained that this was the regular monthly check for the insurance deductions from participants pay.

MOTION: A motion was made and seconded to approve 10 items (excluding the GEMGroup check #29065) on the Check Register dated October 5, 2011 totaling \$108,226.11. The motion passed.

REVIEW OF JULY 2011 FINANCIALS:

The financials for the period ending August 31, 2011 were reviewed. Mr. Larimer reported that he had received earlier that day suggested format comments from Ms. De Foor. GEMGroup's Accounting Manager will follow up after review of any requested changes.

MOTION: A motion was made and seconded to accept receipt of the August 31, 2011 as presented. The motion passed.

LAW DEPARTMENT:

Survey Results on Interest Rates Paid on Contributions

Ms. Denius reported that she had again not been successful in getting information from nearby municipalities on their practices on paying interest to participants on refunds of contributions. She would continue to seek cooperation from surrounding municipal pension plans and report at a future meeting.

Election Schedule for Retiree Board Positions

Ms. Denius reported that the Election Notices had been mailed, ballots were in process and the election dates had been set for November 28 – December 2. Ms. Denius commented that the schedule was short in order to meet the required time by which the two retiree board members-elect need to be seated.

Ms. Denius reported that draft agreements had been received from the four securities monitoring firms that the board had decided to engage at the September meeting. The City Law Department review process was underway.

MOTION: A motion was made and seconded to authorize Mr. Berry to execute the agreements with the four securities monitoring firms on behalf of the board after the Law Department has approved them for signature. The motion passed.

INVESTMENT CONSULTANT REPORT:

Mr. Gray provided a brief capital markets overview with the August Flash Report, noting that the world economy is beset with the credit and bank crisis in Europe, the stagnant, jobless recovery in the US, and signs that China economy may be slowing. He reiterated his prediction that market volatility and slow growth can be expected for some time. The overall portfolio value at August 31, 2011 was \$991.8 billion, down 5% from July. The markets' performance in September had also been negative and the market value of the portfolio as of October 4th close had slipped further to \$909 million. The one-year performance was 11.14%, underperforming the policy benchmark index for the period by 2.40%

Ms. Paige asked about a letter that had been sent to all board members from Gray & Company concerning the GEPP money market investments being held in US Government Debt only funds. Mr. Gray explained his position as being a conservative and risk averse approach to holding the Plan's cash during this volatile time.

MOTION: A motion was made and seconded that Mr. Gray put his recommendation in writing that the Plan's cash investments be in money market funds that invest in US Government debt only. The motion passed.

Johnston Asset Management

James Pontone and Cassandra Hardman reviewed the portfolio being managed by Johnston for the GEPP. Johnston was one of two international equity managers who were hired September 30, 2010. Initial funding was \$45 million. In an exceptionally difficult year in which the EAFE Index was a negative 9.36% (since inception date), Johnston managed to be down less – 8.92%. In the year to date performance their outperformance was 3.5% compared to the benchmark.

They reviewed there process of quantitative screening, fundamental analysis and research confirmation leading to the portfolio construction. Despite the difficult market conditions, they feel Johnston is well-positioned to benefit from any turnaround in the future.

Globalt Investments

William Roach reviewed the performance of the Globalt portfolio. One of the GEPP managers since 1992, Globalt had been notified of probationary status due to their underperformance to the benchmark. In each of the 1, - 3, -5 year periods, Globalt matched or beat the S&P 500 Stock index, but underperformed the Russell 1000 Growth index.

Mr. Roach commented that the global economy is decelerating and entering into a period of slow growth. Their portfolio has been re-directed toward larger cap, dividend paying stocks of high-quality companies with international exposure. He believes they are well positioned for the near term and is confident that the performance will validate their views.

Mr. Roach made a pitch for the board's consideration of the Globalt innovatETF Strategies Program, an opportunistic, asset allocation strategy using ETF in a range of market sectors to deliver diversification to optimize returns while lowering risk. According to Mr. Roach, the ETF offers the added benefit to the GEPP of getting some exposure to asset classes – such as real estate, timber, and gold – the direct holding of which is currently prohibited by Georgia State law. Mr. Gray commented that some government plans in Georgia have come to the conclusion that an investment in this type of co-mingled fund is permissible; others have not. Mr. Gray stated that a decision on this question would have to include considerable analysis by City Law and he offered to work with them on it.

Investment Subcommittee Meeting

Mr. Gray again encouraged a meeting of the Investment Subcommittee of the board and proposed two dates and a venue. October 21st beginning at 1:00 p.m. at the Commerce Club was agreed upon. Reminders will be sent by Gray & Company.

Ms. Denius reminded the board that any meeting of a quorum of the board must be open to the public and advertised in advance.

Mr. Berry read from the Election Notice that had been mailed and posted to the City Website that the dates for voting for the two open board seats would be held November 28 – December 1.

At the request of Ms. Denius:

MOTION: A motion was made and seconded to go into **Executive Session** for the purpose of discussing a confidential matter involving the determination of the identity and eligibility of a participant applying for a service pension. The motion passed.

The regular open session of the board meeting resumed.

OLD BUSINESS: None

NEW BUSINESS:

Timeline and Cost Projection for Segal Experience Study

Mr. Atwater distributed to the board an estimated Timeline for gathering data and performing an experience study on the operation of the GEPP. Data for the July 2011 valuation has been received from GEMGroup for both the City and APS. An additional data request and questions will be sent GEMGroup on October 15. The timeline indicates completion of the July 1, 2011 valuation including the results of the Experience Study on June 1, 2012.

The estimated cost for the Experience Study is \$36,000 for each of the City and APS plans. The board asked that the contracts be sent to Ms. Denius for review.

Review Request for Quotes on Investment Consultant Request for Proposal

Mr. Berry asked if there were any recommendations from board members of firms that should be invited to quote on the Investment Consultant services contract that is being put out to bid. There were no suggestions. The Office of Procurement will proceed.

NASP Pacesetter Award

Mr. Berry suggested that the NASP Pacesetter Award that had been awarded to the General Employees' Pension Plan be formally presented to the Mayor with a request that it be displayed in the Mayor's Trophy/Award Case for the public to see. There was no disagreement from the board and Mr. Watson will be contacted and asked to schedule.

Mr. Berry referred to an email from Mr. Larimer making the board aware of an issue affecting a number of retirees and their insurance deductions in the September checks. Mr. Larimer reported that GEMGroup was working with the City HR/Insurance Department on resolution of the matter.

PUBLIC COMMENT: None

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

Respectfully submitted:

Alfred Berry, Jr. Chairman

Joya C. De Foor, CFO & Secretary