

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

October 6, 2010

A meeting of the Board of Trustees of the City of Atlanta General Employees Pension Fund was held on October 6, 2010 in City Hall, Committee Room 1, Atlanta, GA.

TRUSTEES PRESENT:

Alfred Berry, Jr.	Joya De Foor	Yolanda Johnson	Aaron Watson
Jo Ellen Paige	Douglas Strachan		

TRUSTEES ABSENT:

John Bell	Sherri Thompson-Dickerson	Aretha Sumbry-Powers
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OTHERS:

James Bell and Richard Larimer of GEMGoup; Ray Adams of the Office of Retirement Services; Angela Sneed of the Finance Department, Jerry DeLoach, Amber Robinson and Kristen Denius of the City of Atlanta Law Department; Mickey Walker of the Risk Management Department; Sherry Davis of Atlanta Public Schools; Eric Atwater of the Segal Company, Rod Norman of JP Morgan and Bob Hubbard and Elizabeth Crenshaw of Gray & Company and Derrick Batts of Union Heritage.

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

Mr. DeLoach introduced two members of his staff in the City Law Department: Kristen Denius and Amber Robinson. Ms. Denius will provide day-to-day legal support to the Pension board and will report to Ms. Robinson, Senior Deputy counsel for the City of Atlanta.

Mr. Berry introduced Ms. Joya De Foor, Chief Financial Officer for the City of Atlanta, as a new Board member and who will serve as Secretary of the Board.

Mr. Watson asked about specialty firms that provide governance and compliance monitoring of the equity positions in portfolios on behalf of investor clients such as the GEPP. Mr. Berry stated that Bank of New York/Mellon (BNY/Mellon) provides such a service as part of their custodial duties and that they would be present at the November meeting. Mr. Watson suggested that certain law firms perform this securities portfolio compliance and governance monitoring service without a hard dollar fee. The firms estimate that clients could expect to receive approximately 50 basis points annually in revenue from the proceeds of litigation settlements. The law firm would receive a contingency fee in the event a lawsuit is filed.

Mr. Strachan added that he had attended a conference and had a follow up presentation from a firm that provides this service to the Police and Fire plans. The firm is preparing answers Mr. Strachan's questions as to what value they have been able to deliver to the Police and Fire plans.

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 1, 2010 meeting. It was suggested that the signature line be amended for Mr. Council's signature instead of Ms. De Foor since she had not been confirmed as of the last meeting date. The minutes were approved, as amended for Mr. Council's signature. The motion passed. Ms. De Foor abstained.

GENERAL EMPLOYEES' PENSION FUND SERVICE PENSION APPLICATIONS:

The Administrator stated that Mr. Paully Onyirimba (No. 19) had made a written request that his pension application be withdrawn because he changed his mind concerning his retirement.

**GENERAL EMPLOYEES' PENSION FUND
SERVICE PENSION APPLICATIONS**

The following Service Pension Applications were presented to the Board for approval:

(See attached Pension Application Spreadsheet for October 6, 2010)

MOTION: A motion was made and seconded to approve service pension applications Nos. 1-27 with the EXCEPTION of No. 19 (Mr. Paully Onyirimba). The motion passed.

The following Service Pension Application Correction was presented to the Board for approval:

(See attached Pension Application Spreadsheet for October 6, 2010)

MOTION: A motion was made and seconded to approve a correction in the pension benefit amount for Ms. Mildred Woods based on additional years of service records being provided by APS. The motion passed.

MOTION: A motion was made and seconded to approve the three (3) Service Pension applications on the Addendum. The motion passed.

GENERAL EMPLOYEES' PENSION FUND
BENEFICIARY PENSION APPLICATIONS

The following Beneficiary Pension Applications were presented to the Board for approval:

(See attached Pension Application Spreadsheet for October 6, 2010)

Mr. Berry asked whether the beneficiary pensions convert to regular service pensions at age 60 as they do for employee participants. Mr. Adams stated that they do not and continue as disability pensions for the remainder of life. Mr. Berry asked how much had the two participants contributed to the Plan whose spouses (#2 and #5) were approved for a beneficiary pension. The Administrator will get those amounts.

MOTION: A motion was made and seconded to approve the beneficiary pension applications Nos. 1 – 8 listed on the attached spreadsheet. The motion passed.

APPROVAL OF INVOICES AND CHECK REGISTER:

The Check Register attached under Tab 4 was reviewed.

Mr. Berry asked that the items listed on the check register for Disability Exams show the participant as an employee of either City of Atlanta or Atlanta Public Schools.

Mr. Watson asked about the review process of the invoices prior to appearing on the Check Register and the Agenda for approval by the Board. Mr. Berry stated that the overall policy on expenses had been discussed with Mr. Council and Ms. Dickerson, and that Ms. Sneed and the Administrator were responsible for determining that the invoices were appropriate. Most of the services provided to the Plan by professionals were governed by contracts with established fee schedules. Ms. De Foor stated that she would review the process with Ms. Dickerson as part of the transition of the duties of Office of Retirement Services to Finance and Human Resources.

MOTION: A motion was made and seconded to approve items 1 – 8 on the Check Register totaling \$76,492.31. The motion passed.

REVIEW OF FEBRUARY 2010 FINANCIALS:

Ms. De Foor commented that she would like more robust reporting and financial policies. She proposed submitting an outline of her suggested format to the Board at the next meeting and then to work with the Administrator and Ms. Sneed to change the financial reporting package going forward.

The financials for the period ending 8/31/2010 were reviewed.

MOTION: A motion was made and seconded to accept receipt of the financial statements for the period ending August 31, 2010. The motion passed.

MOTION: A motion was made and seconded to go into Executive Session for the purpose of receiving legal advice with respect to IRS compliance requirements and obtaining an IRS Determination Letter. The motion passed with unanimous approval.

LAW DEPARTMENT:

The Law Department was provided in Executive Session.

INVESTMENT CONSULTANT REPORT:

Mr. Hubbard and Ms. Crenshaw of Gray & Company presented the Investment Consultant Report. Mr. Gray was unable to attend due to illness.

Flash Report - August

Mr. Hubbard presented the August Flash Report on the performance of the Fund, showing a total Fund return of – 1.85% for August and a year-to-date return of 2.20%. He also show asset positions for the Fund as of October 5, 2010, reflecting the very strong performance experienced in the month of September and particularly the previous day. The September performance was 8.9% and the Fund’s total assets grew to \$1.009 billion. Mr. Hubbard commented that the markets generally continued to show extreme volatility.

The first of two International Equity managers, Johnston, had been funded on October 1, 2010 in the amount of \$45 million. Documentation to complete the funding of the other International Equity manager, Artisan, in the amount of \$45 million would be presented for signature today with the funding expected by the end of the week.

Mr. Hubbard presented a draft of Investment Policy Statement, in a redlined version, for the Board’s review in advance of a discussion as part of the November meeting agenda.

Ms. Johnson asked if the same issue of delaying any prospective changes as a result of the work of the Mayor’s Task Force should affect actions on the Investment Policy Statement. After discussion, it was the consensus of the Board that it did not. Ms. Johnson also asked Gray & Company to go back to the four bidders for actuarial services and clarify their responses to Mr. Strachan’s question regarding the availability to and access by the Board to ProVal or other pension modeling software.

Wellington Capital Transition Strategy

Ms. Crenshaw and Mr. Hubbard presented a review of the status of Wellington Capital’s decision to exit the Mid-Cap strategy and the transition options available to the Board. Wellington Capital was selected as part of a search of Mid and Small Cap managers in 2006. In July 2010, Wellington decided to close the strategy.

Three transition options were suggested: 1) split the Wellington allocation 60/40 between the two existing Mid Cap managers, Ceredex and Madison Square; 2) perform a search for a new manager; 3) liquidate the Wellington portfolio and purchase I Shares to retain the sector exposure until a permanent resolution is made. Each of these has an impact on transition costs. The consensus was that Gray & Company would prepare some comparative transition strategies with the associated cost estimates and revisit the issue at the next meeting.

MOTION: A motion was made and seconded to include in all future contracts with investment managers a provision stating that any transition costs would be borne by the investment manager if they unilaterally decided to close or exit a strategy in which the GEPP was invested. The motion passed.

MOTION: A motion was made and seconded to fund the Artisan international equities investment account in the amount of \$45 million. The motion passed.

Union Heritage Capital Management

Mr. Batz had to leave and his presentation was deferred to a future meeting.

OLD BUSINESS:

Selection of Actuary Firm

Presentations were made by four firms at the August meeting to provide actuarial services to the GEPP. A selection decision had been deferred at the September meeting and Mr. Berry again polled the Board members as to whether they were ready to make a decision on the selection of one of the firms. Mr. Watson conveyed that he had heard that members of the Mayor's Task Force felt that the GEPP Board might benefit from some of the decisions being made by the Task Force with respect to professional firms providing services to the City. Mr. Watson believes that certain of the Task Force members had expressed the hope that any decisions by the Board on professional service contracts could be slowed down until the Mayor's Task Force had made their recommendations public.

Mr. Calvin Vismale, a representative of the Mayor's Task Force, was invited to give a briefing to the Board on the work of the Task Force. Mr. Vismale stated that the Mayor's Task Force was examining the unfunded liability of the pension fund and its impact on the City's operating budget. The Task Force was working toward formulating a range of options to address the issue and was seeking the assistance of several professional firms in that effort. Mr. Vismale did not have a completion date for the work of the Task Force and the release of their recommendations but thought it would likely be early next year.

Considerable discussion ensued on the length of time the decision might be deferred and what would be the status of the incumbent actuary relationship in the meantime. Mr. Strachan reiterated his desire that the Board have access to modeling software from the selected vendor. Questions directed to the Mr. Atwater who was in attendance were interrupted by Mr. Berry over concerns that an unfair advantage would be conferred on the incumbent because the other bidders were not in

attendance. Mr. Berry explained that he held the current actuary accountable for failing to catch an error in the attribution of interest earnings between the City of Atlanta portion of the Plan and the Atlantic Public Schools portion of the Plan that had been caused by an error by City staff at year-end 2007 in the apportionment factor between the two. Mr. Atwater was not permitted to respond.

Mr. Strachan made a motion to request from the current actuary access to their modeling software, but withdrew the motion when it was learned that there would be an additional fee for set-up.

MOTION: A motion was made and seconded to defer the decision on the selection of an actuary firm until the end of the year end and in the meantime to invite the Mayor or his designated Task Force member address the Board on the issue. The motion passed.

Annual Pension Statements – Status Report

Mr. Berry provided feedback on the draft of pension statement that had been sent after the last meeting, generally stating that the draft had too much information and detail on it and would be likely to cause confusion among the participants. Mr. Berry was the only feedback received prior to the meeting. The consensus of the Board was that a simpler format like the previous years' would be preferred. The Administrator agreed to reformat the statements. The Administrator noted the reason for the additional detail was to provide information that may allow participants to identify discrepancies in information, which might impact their pension. Based on experience, the Administrator found it better to provide a participant this information to allow them to identify discrepancies when they occur rather than years later when preparing to retire.

In response to a comment by Mr. Strachan regarding his ongoing efforts on the project to post selected Pension Fund information on the Atlantafunds.info Website that he had demonstrated to the Board at the August, Mr. Berry stated that the Mayor had denied use of that separate Website for that purpose. Mr. Strachan was unaware of that decision and had been meeting with staff in the Department of Information Technology on the project over the past two months. He asked that decisions affecting projects that had been approved by Board members pursuant to motions be better communicated to Board members.

Mr. Berry asked when the pension statements would be mailed. The Administrator responded that a mailing schedule would be provided by email the next day. In response to the criticism raised that the pension statements had not been mailed when originally promised under the contract, Administrator reiterated their efforts to balance the need for timeliness and accuracy. Work is still underway to correct these deficiencies, but challenges remain with incomplete and inaccurate data. It was anticipated that the bulk of the statements would be mailed in the near future. Several hundred statements would require further review before mailing.

NEW BUSINESS:

Appeal of Denial of Disability Pension Application – Jerry Holmes

Mr. Jerry Holmes, represented by counsel, David Ates, presented an appeal of the Board's decision to deny his application for a disability pension. Counsel argued that the denial had been in error because Mr. Ates had satisfied the requirements of the Plan rules by being unable to work for the first 12 months after his injury, and that his ongoing condition prevented him from work thereafter. Mr. Holmes was last employed in February 2008.

Documentation was presented including conflicting doctor's statement as to his disability, letters from the employer offering to accommodate his condition with alternative work, and a transcript and a recording of conversations between Mr. Holmes and Mr. Adams of ORS.

After considerable questioning from Board members and discussion regarding the interpretation of the documentation presented, Mr. Holmes and counsel concluded their appeal presentation.

MOTION: A motion was made and seconded to go into Executive Session for the purpose of deliberating on Mr. Holmes' appeal of the denial of his disability pension application. The motion passed unanimously.

MOTION: A motion was made and seconded to approve the appeal and to grant the disability pension application of Mr. Jerry Holmes. The vote was unanimous against. The motion failed.

Election Schedule for Atlanta Public Schools and City of Atlanta

A schedule was presented outlining the schedule for the election of Board Members to the General Employees' Pension Fund.

MOTION: A motion was made and seconded to approve the Election Schedule as presented. The motion passed.

There being no further business to discuss, the meeting was adjourned at 12:50 P.M.

Respectfully submitted:

Alfred Berry, Jr. Chairman

Joya C. De Foor, CFO & Secretary