

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

December 1, 2010

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

TRUSTEES PRESENT:

Alfred Berry, Jr.
Jo Ellen Paige
John Bell

Aaron Watson
Douglas Strachan

Sherri Dickerson
Aretha Sumbry-Powers

TRUSTEES ABSENT:

Joya De Foor

Yolanda Johnson

OTHERS:

James Bell and Richard Larimer of GEMGoup; Ray Adams of the Office of Retirement Services; Angela Sneed of the Finance Department, 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, Laurel Hord Hill of Wells Fargo Bank, Rod Norman of JP Morgan, Derek Batts of Union Heritage and Larry Gray and Jennifer Chrisman of Gray & Company.

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 amend the Agenda to include review and approval of invoices submitted for reimbursement by Mr. Strachan for attendance at a professional conference. The motion passed.

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

Mr. Berry had to leave the meeting briefly to attend to other responsibilities. Mr. John Bell chaired the meeting.

APPROVAL OF MINUTES:

MOTION: A motion was made and seconded to approve both the minutes of the October 6, 2010 meeting, as amended, and the minutes of the November 6, 2010 meeting. 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. 1-13, as listed on the attached spreadsheet dated December 1, 2010. The motion passed.

DISABILITY PENSION APPLICATIONS

The Disability Pension Application on the attached spreadsheet was presented to the Board for approval:

MOTION: A motion was made and seconded to approve the disability pension application as listed on the attached spreadsheet dated December 1, 2010. 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, as listed on the attached spreadsheet dated December 1, 2010. The motion passed.

SERVICE PENSION CORRECTIONS

The Service Pension Corrections on the attached spreadsheet were presented to the Board for approval:

Three corrections to prior pension approvals were presented. An error was made in transposing the incorrect amount from the calculation sheets to the November agenda spreadsheet. The amounts shown are corrected.

MOTION: A motion was made and seconded to approve corrections in the pension benefit amounts for Nos. 1 - 3 as listed on the attached spreadsheet.

A final correction listed on the spreadsheet involved a participant who was processed under the 1962 amendment, but then elected the 1978 amendment. According to ORS interpretation of this

election option, the participant was eligible for the 2.5% multiplier under the 2005 amendment. After discussion on this interpretation, the Board decided to withhold approval of this application until further research can clarify the proper calculation of his benefit amount.

APPROVAL OF INVOICES AND CHECK REGISTER:

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

MOTION: A motion was made and seconded to approve ten items on the Check Register with the exception of Check #16414 payable to Mr. Berry. The motion passed.

MOTION: A motion was made and seconded to approve Check # 16414 payable to Mr. Berry. The motion passed. Mr. Berry abstained from the vote.

REVIEW OF FEBRUARY 2010 FINANCIALS:

The financials for the period ending October 31, 2010 were reviewed.

Mr. Watson asked that for an overview of the financials, highlighting what a Board member should focus on when reviewing. Ms. Sneed provided a summary of the key sections of both the balance sheet and the statement of receipts.

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

LAW DEPARTMENT:

Status of Interest Calculations for Corrective Pension Refunds

Ms. Denius reported that the calculations have been completed and that letters have been sent to approximately 75% of the refund recipients with a form that they must complete and return before a check will be issued. The remaining 25% either have no address, the names do not reconcile with social security numbers or appear to be duplicates. The Administrator and ORS are working together to correct these discrepancies.

The issue of how to handle de minimis refund amounts was discussed. It was decided that checks in amounts of \$1.00 or more would be mailed. Amounts less than a dollar can be claimed by recipients at the City offices.

MOTION: A motion was made and seconded to convene an Executive Session for the purpose of discussing pending litigation. The motion passed unanimously.

The board ended the Executive Session and the Regular meeting resumed.

INVESTMENT CONSULTANT REPORT:

Flash Report – October 2010

Mr. Gray reported that performance for the month of October was 2.31% and 14.34% year-to-date (YTD). He also noted that the plan's composite Large Cap performance YTD was 37 bps above the S&P 500 benchmark and that all four of the plan's Large Cap managers outperformed.

The other equity managers in Mid Cap and Small Cap also performed adequately and while the Fixed Income portion of the portfolio showed very modest positive returns for the quarter, the returns for the one and two-year periods were very strong and provided a stabilizing factor to the overall portfolio.

Investment Policy Statement

Mr. Gray distributed a revised version of the Investment Policy Statement and suggested that the board review it for discussion and possible adoption at the next meeting.

Mr. Hubbard distributed a copy of a section of the Georgia State Code relating to prohibited investments in pension funds and recommended incorporating the Code section into the plan's Investment Policy Statement. After the board's review, this action can be taken at the next meeting.

Portfolio Rebalancing Recommendations

Mr. Gray presented recommendations for rebalancing the portfolio. The spreadsheet showed the new target asset allocations for each asset class including the recently added category of International Equity and the two managers hired to provide that mandate. All rebalanced amounts were within the range of the new Target Asset Allocation as previously approved.

The recommendations included a \$40 million allocation to an index fund in the Large Cap space. The board had previously expressed concern that the GEPP's account represented too large of a percentage of Union Heritage's overall asset size and therefore constituted relatively higher risk to the Plan. The recommended allocation of 6.25% of each of the three Large Cap managers, of which Union Heritage is one, would increase their account size by \$40 million to a total of \$63 million.

Mr. Berry questioned giving additional money in the rebalancing plan to a manager that had been underperforming. Mr. Gray provided a rationale for rebalancing by explaining that as long as one continues to believe a manager is high quality, it makes sense to take gains from the one that has outperformed and reallocate to another whose style and approach may be temporarily out of favor. All managers will, over time, tend to regress to the mean and a disciplined rebalancing approach should maximize return over complete market cycles.

Considerable discussion ensued on the merits of increasing the amount awarded to Union Heritage, the recommendation to reduce the allocation to fixed income in order to fund the international equity managers, and the advisability of allocating a portion of the domestic Large Cap allocation to a passive index strategy.

MOTION: A motion was made and seconded to accept the portfolio re-balancing recommendations as presented by Gray & Company and consistent with the Target Asset Allocation previously adopted, including increasing the allocation to Union Heritage to 6.25%. The motion passed. Mr. Berry abstained.

Gray & Company will execute the re-balancing plan based on the Target Asset Allocation based on November 30 market values. Specific dollar amounts will be calculated and provided at a later date.

Subsequent to the meeting, the following re-balancing plan showing the specific dollar amounts of increases and decreases was provided:

Domestic Equity

Domestic Large Cap

Earnest Partners (Large Cap Value)	Reduce by	5,675,109.16
Union Heritage (Large Cap Value)	Increase by	(41,419,575.73)
GLOBALT (Large Cap Growth)	Reduce by	12,034,778.38
New Amsterdam Partners (Large Cap Growth)	Reduce by	5,143,126.24

Domestic Mid Cap

Madison Square Investors (Mid Cap Core)	Increase by	(39,880,948.64)
Wellington Management (Mid Cap Core)		Terminate account, and move half of balance (\$31,808,085.79 as of 11/26/2010) to Ceredex and half (\$31,808,085.79 as of 11/26/2010) to Madison Square
Ceredex (Mid Cap Value)	Increase by	(43,154,524.53)

Domestic Small Cap

Jennison (Small Cap Core)	Increase by	(22,709,514.25)
Earnest Partners (Small Cap Value)	Increase by	(31,489,452.47)

International Equity

International Core

Artisan Partners (EAFE)	Increase by	(5,546,265.57)
Johnston Asset Management (ACWI exUS)	Increase by	(5,359,140.72)

Domestic Fixed Income

Domestic Core Fixed Income

JP Morgan	Reduce by	31,200,940.36
Mesirow	Reduce by	30,964,543.38

Domestic Int G/C Fixed Income

Atlanta Capital	Reduce by	20,863,095.82
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Cash

Cash Account	Reduce by	5,000,000.00
Enhanced Cash Account	Reduce by	15,061,567.85

Manager Fee Schedules

Mr. Gray distributed a spreadsheet showing each of the Fund's managers, their respective account sizes and the fees being charged. The board suggested that Gray & Company seek fee reductions from the existing managers, particularly those that would be receiving increased allocations as a result of the rebalancing.

MOTION: A motion was made and seconded to direct Gray & Company to contact each of the Fund's investment managers to request a fee reduction. The motion passed.

Wellington Asset Management

Mr. Alexander Grant of Wellington Asset Management was invited to make a presentation to the board. Wellington had previously informed the board, through Gray & Company, that the firm had decided to exit the Mid Cap strategy that the GEPP had been invested in since 2006 and would be closing the portfolio. Wellington suggested that the assets could be moved to a similar Wellington managed fund.

Mr. Grant explained that the decision to close their Mid Cap strategy had been changed and that the same portfolio that the GEPP had been invested would remain and that the GEPP did not have to move. Mr. Grant presented the historical performance of the Mid Cap strategy and tried to provide comfort to the board that the full resources of Wellington's portfolio team would continue to be dedicated to this product. He apologized for the confusion caused and asked the board to remain an investor in this product. In response to questions, Mr. Grant noted that two other clients had made the decision to move to the alternative Wellington Mid Cap product and several others had chosen other managers. If the GEPP decided to remain, they would be the only client invested in this product, but Wellington's intention was to actively market the product and grow the portfolio.

After considerable discussion including the impact of transition costs, the benefits of the offered fee concession, and the overall comfort level with the firm, a consensus was reached to terminate the relationship with Wellington Asset Management.

MOTION: A motion was made and seconded to terminate the relationship with Wellington Asset Management, effective immediately. The motion passed.

MOTION: A motion was made and seconded to allocate the assets currently invested in the Wellington Mid Cap product evenly between the Fund's two existing Mid Cap managers, Madison Square and Ceredex. The motion passed.

Gray & Company will work with Madison Square and Ceredex to identify common holdings between the Wellington portfolio and those of Madison and Ceredex in order to maximize the in-kind transfer of securities involved in this transition and to minimize transition costs.

OLD BUSINESS:

Annual Pension Statement – Update

The Administrator reported that approximately 3700 Annual Pension Statements had been mailed to participants. Approximately 700 remain that will require more research in order to complete. These are being worked on in collaboration with ORS and will be mailed in batches as soon as the data can be verified for accuracy. A letter was sent to the 700 non-recipients to inform them of the process.

NSF Charges Reimbursed

The Administrator reported that they had reimbursed the GEPP's Wells Fargo bank account for NSF charges in the amount of \$2,076.38 in November for the fees resulting from overdrafts caused by the Administrator not requesting that adequate funds to be transferred in October.

NEW BUSINESS:

COLA Adjustment - 2011

The COLA adjustment is being calculated for the Police and Fire Plans by Southern Actuarial Services. It is the same calculation used by the GEPP. It will be completed and presented at the January meeting.

Cash Flow Projection – January – June 2011

The Administrator explained that the Cash Flow Projection as presented incorporated input from Ms. Sneed and Mr. Atwater on anticipated contributions by the City and Atlantic Public Schools, included an estimated 1% increase in COLA adjustment to the benefit payments, and was provided to Gray & Company to incorporate as part of their rebalancing recommendations.

MOTION: A motion was made and seconded to accept the Cash Flow Projection as presented, subject to review and approval of Ms. De Foor. In addition, it was requested that 1) the monthly Wells Fargo bank account statement be made a part of the financials and presented to the board at each meeting, and 2) that the format for requesting the monthly transfer to the operating account include the requested supporting breakdown. 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