

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

**December 4, 2013**

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A meeting of the Board of Trustees of the City of Atlanta General Employees Pension Fund was held on December 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 (One Vacant Seat)

**OTHERS:**

Richard Larimer, GEMGroup; Kristen Denius, City Law Department; Ray Adams, Office of Retirement Services; Laurel Hill of Wells Fargo Bank, Robert Stanley of Atlanta Public Schools, Mickey Walker, Risk Management, Eric Atwater of Segal Company, Nathan Lewis of Security Capital, Montrell Moore of Earnest Partners.

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 as presented. The motion passed.

**APPROVAL OF MINUTES:**

November 6, 2013 Meeting Minutes: Several points of clarification and word choices were made by Mr. Berry. Ms. Green asked that Gray Co Alts II be added to the paragraph on the Benchmark Financial Services discussion to specific reference the firm by name. Mr. Larimer agreed to make the edits.

**MOTION:** A motion was made and seconded to approve the minutes of the November 6, 2013 Board meeting, with edits noted by Mr. Berry and Ms. Green. The motion passed.

November 20, 2013 Special Meeting Minutes: The minutes of the Special Meeting held on November 20<sup>th</sup> were distributed at the meeting and the board members took time to review.

**MOTION:** A motion was made and seconded to approve the minutes of the November 20, 2013 Special Meeting. The motion passed. Mr. Berry voted No.

Mr. Berry asked if the City Law Department had contacted the Georgia State Attorney General's Office to get an interpretation of the Georgia Code as it relates to permissible investments (requested at the November 6<sup>th</sup> meeting). Ms. Denius stated that the Law Department had discussed the request but is considering engaging outside counsel as an alternative.

## **GENERAL EMPLOYEES' PENSION FUND PENSION AWARDS:**

### **SERVICE PENSION APPLICATIONS**

The Service Pension applications on the attached spreadsheet were presented to the Board for approval.

In response to questions concerning applicant #7, Mr. Larimer explained that this was a partial pension for 13 years of prior service at Atlanta Public Schools. The applicant had been terminated due to a shortfall in her academic qualifications based on new standards implemented at the time; upon going back to school and earning the necessary qualifications she returned to APS and was placed in the Georgia State Teachers Retirement Plan despite being eligible to have returned to the City plan. She waited until age 65 to apply for this partial pension.

**MOTION:** A motion was made and seconded to approve the service pension applications Nos. 1-7 as listed on the attached spreadsheet dated December 4, 2013. The motion passed.

### **DISABILITY PENSION APPLICATIONS**

There were no Disability Pension applications this month.

### **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 & 2 on the attached spreadsheet dated December 4, 2013. The motion passed.

## **APPROVAL OF CHECK REGISTER AND INVOICES:**

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

Mr. Berry pointed out that check #51732 (Void) to Northern Trust in the amount of \$6,411.20 was included in the total. It should not have been and Mr. Larimer will revise the Check Register to show a new total of \$385,141.29.

**MOTION:** A motion was made and seconded to approve 11 items: #51727 - #51737 on the Check Register dated December 4, 2013 totaling \$385,141.29. The motion passed.

## **REVIEW OF SEPTEMBER 2013 FINANCIALS:**

The financials for the period ending October 31, 2013 were presented and reviewed. Mr. Berry commented favorably on the change in the column headings that were made at the board's request to make the financials more understandable. Mr. Larimer noted the entry for securities lending revenue in the month of October, signifying a resumption of this program under the Wells Fargo/Citibank contract.

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

## **LAW DEPARTMENT:**

Fiduciary Liability Insurance Application –Mr. Larimer presented an updated summary of responses from the two (2) insurance carriers that agreed to quote as provided by United Members Insurance, Inc., the broker that also represents the Police and Fire Plans. Alterra American/Ullico Casualty maintained their previous quote. Hudson Insurance, who had previously declined to quote due to recent negative media coverage, offered a quote but with a rider to exclude from coverage any claim arising from the investments involved in the matter with Gray & Company. The premium quoted by Alterra American/Ullico was \$61,090 for \$5 million in coverage; The Hudson premium quoted was \$78,067. Additional responses were anticipated from two other carriers but were not available by the meeting date.

The board expressed the desire to put this insurance coverage in place expeditiously and directed Mr. Larimer to proceed as follows:

**MOTION:** A motion was made and seconded to accept the Alterra/Ullico quote at a premium amount not to exceed \$61,090 annually, but to instruct the broker to use best efforts to negotiate the premium cost down. The actual draft of policy and terms will be reviewed by Segal for reasonableness and any recommendations will be passed on to the broker. A final proposal and fee quote will be placed on the January agenda for a final vote. The motion passed.

## **ACTUARY REPORT**

Actuarial Data Collection – In response to a question from Ms. Johnson as to whether Segal had received all the actuarial data as requested by the November 30 deadline, Mr. Atwater said no, but that he was more concerned with the accuracy and completeness of the data file and that receipt in January would be fine, assuming it was clean. Mr. Larimer added that good progress was being made and that 4 of the 5 areas of concern listed by Segal had been addressed. The remaining challenge continues to be the beneficiary information in the system. This is being addressed.

2014 Cost of Living Adjustments (COLA) – Southern Actuarial Services calculated the 2014 COLA adjustments and furnished the board with a letter with the increases detailed in a table. Pursuant to the board action last year, these calculations would be reviewed by Segal and Mr. Atwater would make a recommendation to adopt or to changes based on that review.

**MOTION:** A motion was made and seconded to adopt and approve the 2014 COLA adjustments as calculated by Southern Actuarial Services and contained in their letter to the board dated November 24, 2013, subject to review and approval by Segal. The motion passed.

Subsequent to the meeting, Mr. Atwater reviewed the calculations with Southern Actuarial and recommended their adoption.

## **INVESTMENT CONSULTANT REPORT**

Performance Report - There was no investment performance report this month.

BlackRock – Lisa Bowman of BlackRock addressed the board to introduce herself and the firm and to provide a report on the transition of the Jennison Small Cap portfolio to the BlackRock iShares Russell 2000 EFT.

Ms. Bowman reported that after having been hired to manage the portfolio in the iShares ETF vehicle and to handle the transition as well, the securities transfer began on November 14 and was concluded on November 26; \$108 million in securities and \$4 million in cash for a total of \$112 million were invested in the iShares Russell 2000 ETF. Ms. Bowman reviewed the highlights of the transition process and noted that the commission cost was \$41,372 (4 bps), slightly higher than projected due to additional cash assets that were not known at the outset. Overall the transition was executed smoothly. Ms. Bowman also noted that efforts were made to utilize minority brokerage firms and, in fact, 13% of the commissions were earned by Loop Capital as a result of these efforts.

Ms. Green asked that BlackRock make efforts to seek out Georgia-based brokers as well in the future. Ms. Bowman agreed to make the effort.

### **OLD BUSINESS:**

Securities Monitoring Update – There were no updates to report on Securities Monitoring matters.

Interest Rate on Refund Contributions – Mr. Beard asked that this item again be deferred to the next meeting when he can develop a proposal for an interest rate indexed to a public benchmark. He promised to circulate a written summary prior to next meeting.

Life Insurance for Retirees – Ms. Yancy confirmed that City retirees were being given the opportunity to purchase additional amounts of life insurance in 2014.

### **NEW BUSINESS:**

Cash Projection – 90 days – Mr. Larimer presented the 90-day Cash Projection showing a \$16 million cash need over the next three months and explained that ordinarily the investment consultant would provide a recommendation for an asset sale strategy to raise the cash. However, in the absence of an investment consultant there was not an investment consultant to provide this guidance. Mr. Larimer pointed out that there was enough cash on hand in the cash account and in the reserve cash account to fund the benefit payments and expenses through January 1, 2014; a cash raise would need to be done prior to benefits being paid at the end of January.

The board elected to forego a cash raise at this time and would direct the new investment consultant (expected to be engaged after the December 17<sup>th</sup> Special Meeting) to make this recommendation their first order of business.

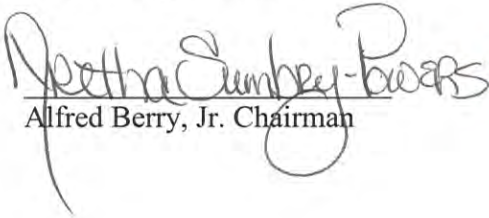
Investment Consulting RFP – Finalists Presentations – Finalists presentations were deferred to a Special Meeting scheduled for December 17, 2014 at 10:00 a.m. – 2:00 p.m. in Conference Room 1 at City Hall. Due to computer and telecommunications issues at the City Law Department, the invitations to the finalists for presentations at today's meeting were delayed.

Mr. Berry expressed his disappointment that the notice to the finalists was delayed and that the delay prevented their attendance at today's meeting.

There being no further business to discuss, the meeting was adjourned at 11:15 a.m.

The next meeting will be held on Wednesday, January 8, 2014 in Conference Room 1, City Hall.

Respectfully submitted:



Alfred Berry, Jr. Chairman



Jim Beard, CFO & Secretary