

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

December 5, 2012

A meeting of the Board of Trustees of the City of Atlanta General Employees Pension Fund was held on December 5, 2012 in City Hall, Committee Room 1, and Atlanta, GA.

TRUSTEES PRESENT:

Alfred Berry, Jr.
Gregory Nash
Yolanda Johnson

Douglas Strachan
Jim Beard

Yvonne Cowser Yancy
Angela Green

ABSENT: Aretha Sumbry-Powers, Aaron Watson

OTHERS:

Richard Larimer, GEMGroup; Ray Adams, Pension Office; Kristen Denius, City Law Department; Lisa Joe and Tom Henley of Gray & Company, Eric Atwater, Segal Company, Sherry Davis of Atlanta Public Schools.

Mr. Berry called the meeting to order at 10:00 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:

On the November 7th minutes, an edit was requested on page 5 to identify the television station as Channel 26 and to add the 7-year and 10-year performance data of Earnest Partners on page 4. On the November 20th minutes, it was requested that the vote on the motion on page 4 regarding Northern Trust appointment as an investment manager be reflected as unanimous. Mr. Larimer will make the changes. Subject to these revisions being made,

MOTION: A motion was made and seconded to approve the minutes of the November 7th and November 20th meetings, as amended. The motion passed. Mr. Berry and Ms. Green abstained.

GENERAL EMPLOYEES' PENSION FUND PENSION AWARDS:

SERVICE PENSION APPLICATIONS

The Service Pension application on the attached spreadsheet was presented to the Board for approval.

MOTION: A motion was made and seconded to approve the service pension application as listed on the attached spreadsheet dated December 5, 2012. The motion passed.

DISABILITY PENSION APPLICATIONS

There were no disability pension applications.

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 the Beneficiary Pension applications Nos. 1-3 on the attached spreadsheet dated December 5, 2012. The motion passed.

APPROVAL OF CHECK REGISTER AND INVOICES:

The Check Register dated November 7, 2012 was presented for review and approval.

Mr. Larimer explained check #43684 to AR Financial in the amount of \$1,214.46 as a reimbursement to a Check Cashing store due to a retiree cashing a check on which a Stop Payment Order had been placed. The retiree cashed the check after being instructed not to and the Check Cashing store imposed on \$45 fee for the invalid check. With agreement by the board, the retiree will be sent a letter informing her that the \$45 penalty fee will be deducted from her December benefit check.

MOTION: A motion was made and seconded to approve 10 items: #43675-43684 on the Check Register dated December 5, 2012 totaling \$234,397.56. The motion passed.

REVIEW OF JULY 2011 FINANCIALS:

The financials for the period ending October 31, 2012 were presented.

Several questions were raised: a substantial decrease in employee contributions between July and August, the name of Morgan Stanley vs. Union Heritage in the chart of accounts, and check #4047 on the bank statement that appears to be out of sequence.

Subsequent to the meeting, Mr. Larimer answered the questions satisfactorily.

MOTION: A motion was made and seconded to accept receipt of the October 2012 financial statements as presented. The motion passed. Ms. Green abstained.

LAW DEPARTMENT:

Draft Protocol for Handling Securities Monitoring Law Firm Proposals - Ms. Denius presented a Draft of Protocol for Securities Monitoring Law Firms based on board comments and suggestions from a prior meeting. After additional discussion and minor suggested revisions,

MOTION: A motion was made and seconded to adopt the Securities Litigation Protocol document as presented with minor revisions noted. The motion passed unanimously.

IRS Voluntary Compliance Program (VCP) – Status Report -- Ms. Denius reported that the compliance filing was almost completed. The Segal Company was awaiting an additional data file from GEMGroup which, according to Mr. Larimer would be delivered by the end of the week, in order to perform the calculations of the compound interest distributions required by the IRS in the VCP filing. The matter was expected to be concluded before the January meeting.

Compliance Review of Gray Co Core Alts II Investment -- At the request of the board, Ms. Denius was asked at the November 20 meeting to review the board's decision to authorize an investment in the Gray Co Core Alts II private equity partnership, focusing on the fiduciary liability of making an investment in a partnership sponsored by the Plan's investment consultant and the adequacy of the disclosure to the board of that relationship. Ms. Denius stated that after review of the Investment Policy Statement, the Plan Document and pertinent fiduciary and ERISA statutes, she found no apparent conflicts of interest and no violation of any policy. However, she added that the process, particularly the disclosure of the sponsorship, could have been handled better.

MOTION: A motion was made and seconded to go into Executive Session for the purpose of discussing several matters of potential litigation. The motion passed.

{Executive Session begins}

{Executive Session ends – Return to Regular Session}

MOTION: A motion was made and seconded to reconsider the November 7 meeting vote on authorizing an investment in the Gray Co Core Alts II private equity partnership. The motion failed on a 4/3 vote: Mr. Beard, Ms. Yancy, Ms. Johnson and Mr. Strachan voted "No"; Mr. Berry, Ms. Green and Mr. Nash voted "Yes".

Mr. Berry expressed his desire to change his November 7 meeting vote authorizing an investment in the Gray Co Core Alts II private equity partnership because he believed that the sponsorship by Gray & Company had not been adequately disclosed. Ms. Denius pointed out that changing a previous vote was not permissible.

Ms. Green expressed her concerns that the process of selecting the Gray Co Core Alts II investment did not include a Request for Proposal (RFP) to multiple funds and that the Gray & Company sponsorship was not adequately disclosed. Ms. Green stated that when she had previously served on the board, RFP's were done for all investment manager selections and for other vendors as well.

Ms. Yancy stated that during her 18-month tenure on the board RFP's had not been done for hiring new investment managers. Her understanding was that Gray & Company had an established due diligence process to evaluate managers and bring recommendations to the board after the due diligence evaluation had been conducted. She asked that Gray & Company prepare a clarification

of their search and selection process as it relates to investment managers and to make a presentation on their Manager Search and Due Diligence process at the next meeting.

MOTION: A motion was made and seconded to authorize the Law Department to negotiate a settlement of a plaintiff's claim in the bankruptcy of the Tribune Company for an amount not to exceed \$74,000, conditioned upon obtaining a full release from future claims as part of the agreement. The motion passed. Ms. Green abstained.

ACTUARY REPORT:

Valuation Report – Update - Mr. Atwater reported that the data for the 2012 Valuation Report had been received from GEMGroup for both the City and APS in two separate files. He now believes Segal has all the data necessary to complete the 2012 Valuation Report.

Draft Letter on Plan Funding and Investment Returns – Mr. Atwater presented a draft of letter highlighting some of the pertinent information from the 2011 Valuation Report regarding the General Employees' Pension Plan's funding status and investment returns. Ms. Yancy recommended that the letter be finalized prior to next meeting with the anticipation that it would be sent to members of Council and others at the City and be posted on the City and Pension Plan Website.

COLA Letter

Mr. Atwater reported that the 2013 COLA letter to retirees and beneficiaries had been prepared by GEMGroup using the table of factors calculated by Chuck Carr of Southern Actuaries for the benefit the Police and Fire Plans. Mr. Atwater recommended that the board allow Segal Company to review Mr. Carr's calculations for accuracy and provide that opinion to the board instead of having Segal independently set up the process and perform the calculations. This review would be provided free of charge from Segal, but would require a cost sharing of Southern Actuaries fee to the Police and Fire. (Last year the amount was \$400). Mr. Atwater stated that Segal's charge to recreate the Southern Actuary calculation would be higher than sharing the cost with Police and Fire. The board accepted Mr. Atwater's recommendation.

INVESTMENT CONSULTANT REPORT

Flash Performance Report – October 2012 – Ms. Joe reviewed the October 2012 performance of the portfolio, commenting that volatility again ruled the markets as virtually all domestic equity managers showed negative returns for the current month. Year-to-date returns in domestic equity remained positive, delivering 14.14%, 13.82% and 7.66%, net of fees, in the Large Cap, Mid Cap and Small Cap segments, respectively. International equities showed a positive return of .88% for the month and 13.23% YTD. Fixed income remained steady with a slight positive return, net of fees, of .21% for the month and 4.72% YTD.

Mr. Strachan inquired about the implementation timeline for the manager change decisions that were made at the November 20 Special board meeting. Ms. Joe said they were in process and would be completed by December 31, 2012.

OLD BUSINESS:

RFP for Investment Consulting - Mr. Berry reported that responses had been received from Gray & Company, Callan Associates, Hackett Consulting, and Consultant Services LLC. Mr. Beard suggested that a meeting dedicated to the review of the proposals be scheduled and that the Fee Quotes should be separated from the proposals in the first evaluation in order to focus on the merits and capabilities of each firm. The Fee Quotes would then be compared. The meeting was scheduled for January 17, 2013.

Linda Collins-Jones – Appeal Denial -- This appeal of a disability pension denial was postponed pending the appearance at a future meeting of the participant’s counsel.

NEW BUSINESS:

Investment Subcommittee – Based on discussions regarding the merits and disadvantages of having a separate Investment Subcommittee of the board, the consensus of the board members that investment matters would best be reviewed and deliberated as part of the regular, full board meetings.

MOTION: A motion was made and seconded to disband the Investment Subcommittee of the board. The motion passed unanimously.

Implementation of Custody Transition from BNY/Mellon to Wells Fargo - Mr. Larimer reported that the initial meeting was held and the process had begun to meet a target implementation date of March 1, 2013.

COLA Letter – 2013 - Mr. Larimer presented the draft of COLA Letter for 2013 Cost of Living Adjustments to be mailed with the December checks. After review,

MOTION: A motion was made and seconded to approve the 2013 COLA Letter as presented. The motion passed unanimously.

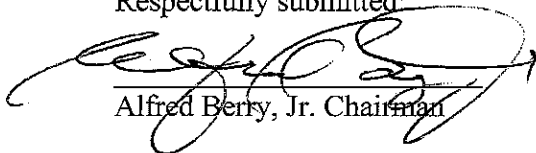
January Meeting Date - Reminder

The date for the January 2013 meeting is Wednesday, January 9th instead of January 2nd.

PUBLIC COMMENT:

There being no further business to discuss, the meeting was adjourned at 12:05 p.m.

Respectfully submitted:


Alfred Berry, Jr. Chairman


Jim Beard, CFO & Secretary

GENERAL EMPLOYEES PENSION FUND BOARD MEETING

DATE: December 5, 2012

SERVICE PENSION APPLICATIONS

<u>DATE RECEIVED</u>	<u>NAME</u>	<u>CLASSIFICATION</u>	<u>DEPARTMENT</u>	<u>AGE YEARS & MONTHS</u>	<u>PENALTY APPLIED # OF MONTHS</u>	<u>YEARS OF SERVICE YEARS & MONTHS</u>	<u>AMENDMENT</u>	<u>EFFECTIVE DATE</u>	<u>AMOUNT</u>
1 10/12/2012	Karter, Moses M	Human Resource Sp	Police	64 & 8 mo	0	26 & 1 mo	1978/2005	10/11/2012	\$3,221.54

BENEFICIARY PENSION APPLICATIONS

<u>DATE RECEIVED</u>	<u>PENSIONER NAME</u>	<u>BENEFICIARY NAME</u>	<u>DATE OF DEATH</u>	<u>EMPLOYER (CITY or APS)</u>	<u>TYPE OF PENSION</u>	<u>AMOUNT</u>	<u>AMENDMENT</u>	<u>BENEFICIARY AMOUNT</u>	<u>EFFECTIVE DATE</u>
1 11/12/2012	Warren, Arintha	Warren, Jerry	10/7/2012	APS	Service	\$340.10	1986	\$255.08	10/8/2012
2 10/18/2012	Howard, Washington	Howard, Beatrice	10/1/2012	City	Service	\$2,365.11	1978	\$1,773.84	10/2/2012
3 11/14/2012	Hale, Andrew Jr.	Hale, Betty	10/30/2012	City	Disability	\$3,175.70	1978	\$2,381.77	10/31/2012