

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

January 6, 2016

A meeting of the Board of Trustees of the City of Atlanta General Employees' Pension Fund was held on January 6, 2016 in City Hall, Suite 2550, Atlanta, GA.

TRUSTEES PRESENT:

Douglas Strachan
Angela Green
Aretha Sumbry-Powers
Yvonne Cowser Yancy

Jim Beard
Dr. Gregory Nash
Jason Esteves

NOT PRESENT:

Michael Bond and Gina Pagnotta-Murphy,

OTHERS:

Rick Larimer, GEMGroup; Ray Adams, Office of Retirement Services, Kristen Denius and Gerrard Grant of City Law Department; Gene Kirschbaum, City Audit Department, Gwelda Swilley-Burke of Callan Associates, Derek Batts of Morgan Stanley, Laurel Hill of Wells Fargo, Rocky Joiner and Jeanette Cooper of Segal.

Mr. Strachan called the meeting to order at 9:35 AM.

ADOPTION OF AGENDA:

MOTION: A motion was made and seconded to adopt a revised agenda to add the election of board officers. The motion passed.

MOTION: A motion was made and seconded to elect Douglas Strachan to serve as Chairman. The motion passed.

MOTION: A motion was made and seconded to elect Aretha Sumbry-Powers to serve as Vice Chairman. The motion passed.

MOTION: A motion was made and seconded to elect Jim Beard to serve as Secretary. The motion passed.

APPROVAL OF MINUTES:

Minutes from the December 2, 2015 board meeting were provided in the meeting packages in advance and reviewed again at the meeting.

MOTION: A motion was made and seconded to approve the minutes of the December 2, 2015 meeting as presented. 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.

A question was raised about applicant #1 being 59 years of age and having an 11.36 month age penalty. Mr. Larimer explained that the applicant was 6 months short of 30 years of service and just under age 60; therefore, an age penalty is applied. Factoring in his exact age and crediting sick leave time resulted in the calculation as shown and was correct. The age penalty was discussed with the applicant in advance and he signed off on it.

MOTION: A motion was made and seconded to approve the service pension applications Nos. 1-17 as listed on the attached spreadsheet dated January 6, 2016. The motion passed.

DISABILITY PENSION APPLICATIONS

There were no Disability Pension applications.

BENEFICIARY PENSION APPLICATIONS

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

A question was raised about applicant #6 concerning the length of time between the date of death (April 1, 2015), the date received (December 9, 2015). Mr. Larimer explained that this was an active participant death and the spouse needed time to consider the several benefit options available under these circumstances. Once approved, the benefits would be payable to her from the effective date of April 1, 2015.

MOTION: A motion was made and seconded to approve the Beneficiary applications Nos. 1-6 on the attached spreadsheet. The motion passed.

APPROVAL OF CHECK REGISTER AND INVOICES:

The Check Register dated January 6, 2016 was presented for review and approval.

Mr. Larimer noted that Check # 60205 was out of sequence and that the check had been for a lump sum refund to a participant that had been issued by the GEMGroup pension department during the creation of checks to pay fund expenses. Subsequent to the meeting, Mr. Larimer provided a copy of the check with a description from the GEMGroup system as documentation.

MOTION: A motion was made and seconded to approve 8 items: #60199 - #60204 and #60206 & #60207 on the Check Register dated January 6, 2016 totaling \$210,262.06. The motion passed.

REVIEW OF FINANCIALS:

The financials for the period ending November 2015 were reviewed by the board.

MOTION: A motion was made and seconded to accept the unaudited financials for November 2015 for further review by the Finance Department. The motion passed.

Mr. Strachan asked that Mr. Beard, CFO provide an annual review and commentary on the Financials for the board's benefit at the February meeting.

LAW REPORT

MOTION: A motion was made to go into Executive Session to discuss a matter involving possible litigation. The motion passed.

{Executive Session ends}

ACTUARY REPORT

No Report

INVESTMENT CONSULTANT REPORT - Callan

Performance – November 2015

Gwelda Swilley-Burke reviewed performance for the period ending November 30, 2015. The overall asset allocation among asset classes and managers is within the target range in compliance with the Investment Policy Statement. Investment returns for the month were all generally positive with no segment in the red. The Fund earned .37 % overall, net of fees, for the month of November, over the Policy Index of (.13%).

International equity and emerging markets segments showed weakness for the month was with negative returns but Ms. Swilley-Burke noted that Earnest Partners protected on the downside. Fixed Income was also negative for the month, particularly global bonds down (1.87%).

Ms. Swilley-Burke warned the board that December numbers would be down.

OLD BUSINESS:

Small World / Life Status 360 Agreement – Following up on a question from the December meeting, Mr. Larimer reported that the agreement with Small World/ Life Status 360 for death search and participant locator services, for which the board pays an annual fee of \$1200, was an agreement directly with the board and dates back to May 2009 when the contract was signed by Alfred Berry and Richard Glass on behalf of the board. This annual invoice had been on the Check Register and approved for payment at the December meeting. The pricing has not changed since that time.

Ms. Yancy commented that the City Human Resources area also has a separate contract for these services with Small World.

Social Security Monitoring to Check Ongoing Eligibility for Disability – Discussion on this item was deferred.

NCPR Membership Renewal – After a brief discussion,

MOTION: A motion was made and seconded to renew the board’s annual membership in the NCPR association for a yearly fee of \$500. The motion passed.

Audit Follow Ups -

Enrollment in Correct Plan for New Hires – an audit finding identified 107 new hires had been enrolled in the incorrect plan for their pay grade and job classification. Mr. Adams and Ms. Yancy reported that the process of entering new hires was manual and required an enhanced process to check the accuracy of the new hire enrollment process. This additional audit process has been put in place to address this issue.

Alternative Investment Monitoring – an audit finding noted that the reconciliation of manager statements and valuations for alternative investments held by the Plan needed to be more closely monitored with the values reported by the managers reconciled with the custodian holding the records of these assets. The function would appear to fall under the purview of the Finance Department; Mr. Beard stated that his staff will develop of process to address this audit concern.

Census Data Accuracy – an audit finding noted that the census and payroll data being furnished to the actuary from the administrator, which in turn was being provided by the City Payroll department, needed improvement in accuracy. The checking function had been done once per year after the data had been provided to the actuary, making adjustments and corrections more difficult. Mr. Kirschbaum commented that the payroll files that are delivered to GEMGroup every two weeks would now be reviewed by his department every two weeks and corrections made immediately. This process is already in place and should address this issue.

NEW BUSINESS:

Earnest Partners Portfolio Review – Paul Viera & Joel Ward

Mr. Viera of Earnest Partners reviewed their Small Cap and Emerging Markets portfolios. For the Small Cap product, he reviewed the guidelines for their investment process, their methodology and performance. Mr. Viera commented that Earnest has an 18-year track record with Plan, delivering 366 bps in excess return (gross of fees) since inception.

Mr. Viera and Mr. Ward reviewed the Emerging Markets guidelines and investment process and highlighted two specific investment decisions made in the portfolio and the rationale for each. Both commented on the near-term volatility in the emerging market segment due primarily to the slowdown in China and its impact on commodity markets that disproportionately affect emerging economies. The overall strategy is to identify strong, key players in individual markets who may be experiencing a period of undervaluation; portfolio turnover is approximately 25%.

Mr. Strachan thanked Earnest for their presentation and long term contribution to the Fund.

There being no further business before the board, the meeting was adjourned.

Respectfully submitted:



Douglas I. Strachan, Chair

Jim Beard, CFO & Secretary