

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

November 2, 2016

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A meeting of the Board of Trustees of the City of Atlanta General Employees' Pension Fund was held on November 2, 2016 in City Hall, Committee Room 2, Atlanta, GA.

**TRUSTEES PRESENT:**

Douglas Strachan  
Angela Green  
Dr. Gregory Nash  
Jason Esteves

Jim Beard  
Yvonne Cowser Yancy  
Gina Pagnotta-Murphy  
Aretha Sumbry-Powers

Not present: Michael Bond

**OTHERS:**

Rick Larimer, GEMGroup; Tracie Gay, Office of Retirement Services, Kristen Denius and Desmond Dorsey of City Law Department; Peter Chan of Morgan Lewis; Gwelda Swilley-Burke of Callan Associates, Laurel Hill and Monique Etheridge of Wells Fargo, and Jeanette Cooper of Segal, Bill Roach of Globalt, and Derek Batts of Morgan Stanley.

Mr. Strachan called the meeting to order at 9:40 AM.

**ADOPTION OF AGENDA:**

**MOTION:** A motion was made and seconded to adopt the agenda. The motion passed.

**APPROVAL OF MINUTES:**

Minutes from the October 5, 2016 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 October 5, 2016 meeting. 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.

**MOTION:** A motion was made and seconded to approve the service pension applications Nos. 1-8 as listed on the attached spreadsheet dated November 2, 2016. The motion passed.

**DISABILITY PENSION APPLICATIONS**

The Disability Pension applications on the attached spreadsheet were presented.

Mr. Larimer commented that the applicant No. 2 was too ill to be able to visit the City doctor for examination and therefore had only the recommendation of his doctor and a letter from a family member detailing his condition and requested that an exception be made to the requirement of a second disability examination. After considerable discussion the board consensus was that special arrangements such as an ambulance transport to the City doctor or an on-site visit and examination by the City's doctor should be arranged.

**MOTION:** A motion was made and seconded to approve disability application No. 1 and to deny disability application No. 2, pending an examination by a City approved doctor. The motion passed.

**BENEFICIARY PENSION APPLICATIONS**

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

**MOTION:** A motion was made and seconded to approve the Beneficiary applications Nos. 1- 3 on the attached spreadsheet. The motion passed.

**APPROVAL OF CHECK REGISTER AND INVOICES:**

Mr. Larimer reviewed the Check Register dated November 2, 2016. He pointed out that a Segal invoice in the amount of \$90,450 from the October 5, 2016 Check Register had been a duplicate invoice and GEMGroup had paid it twice. Segal had informed GEMGroup who confirmed the mistake. Segal processed a refund request through their bank and was told it may take as long as 60-90 days to obtain the refund. Mr. Larimer stated that GEMGroup would reimburse the Plan for any lost interest on the duplicate payment once the refund was received. Subsequent to the meeting, the refund was received by the GEMGroup on November 3<sup>rd</sup> and was deposited to the Fund's account. GEMGroup will deposit the lost earnings to the Fund's account in order to make the Pension fund whole.

**MOTION:** A motion was made and seconded to approve 18 items: #63254 - #63260 & #63262 – #63266 and #63506 - #63511 on the Check Register dated November 2, 2016 totaling \$1,087,484.58. The motion passed.

## **REVIEW OF FINANCIALS:**

The financials for the period ending September 2016 were reviewed by the board.

**MOTION:** A motion was made and seconded to accept the unaudited financials for September 2016 for further review by the Finance Department. The motion passed.

Review of Financials by City Finance Department – Gene Kirschbaum – this item is being deferred until Mr. Kirschbaum is available.

## **ACTUARY REPORT:**

Ms. Cooper commented that preparation of the Actuarial report is on schedule.

## **OLD BUSINESS:**

Practice of 10-day Wait for Stop Payment/Reissues - Mr. Larimer reviewed the current practice to require a retiree to wait 10 days before a Stop Payment is placed on an undelivered or lost check and a replacement check re-issued. The rationale is that most checks are eventually delivered within a few days and the Plan can save the expense of Stop Payment and the risk that both checks gets cashed. The practice has been in place for some time and had been approved by a previous board. After discussion, the board decided that 10 days was too long a period to make a retiree wait for a replacement check as it may be too much of a hardship. The board decided that a 3-day wait period was sufficient and would better balance the interests of the Plan and the needs of the retirees. Mr. Larimer will implement the change immediately.

Emailing Monthly Credit Advices – Responding to a request from a retiree at last month’s meeting, Mr. Larimer stated that emailing credit advices as an option instead of receiving the advice in the mail was not something that could be implemented in the near term. Each individual who would elect to receive an emailed copy would require manual intervention to the current automated process and the email would have to be encrypted for privacy. The procedure would be cumbersome, costly and prone to error. The board members expressed a desire to see this option explored and Mr. Larimer agreed to research it with GEMGroup management. One possible avenue would be a file download to the Pension fund website where a participant could access his or her credit advice in a password protected environment.

GEMGroup Atlanta Office – Privacy Concerns - Following up on comments from a retiree at last month’s meeting complaining about a lack of private meeting space in the GEMGroup office, Mr. Larimer reported that GEMGroup had installed a door on the large room that houses the files and is the office for one of the Customer Service Reps. The space has two desks and one can be used for meeting with participants behind closed doors. The other CSR is in a private office. This improvement in the space configuration should eliminate privacy concerns going forward.

Mr. Strachan brought up that he had recently spoken to several fellow employees and plan participants informally who had commented that they had not been satisfied with the service experience they have had when calling the GEMGroup Atlanta office. They characterized the customer service person as consistently rude and/or unavailable. Mr. Strachan concluded that while the Atlanta office staff may know their business and the rules governing the pension, their customer service delivery is at times

unpalatable. He asked about customer service training programs that GEMGroup has in place and encouraged Mr. Larimer to provide updated training.

Ms. Yancy commented that she in particular has not been comfortable with the Fund office staff over the past few years and has provided negative feedback during this time. If GEMGroup continues to feel comfortable with staff that the client is not satisfied with, then perhaps the board should consider other options. She suggested that if customer service training was provided in the past, it should be provided again. GEMGroup does a good job handling our administration; but the continuing unpleasant feedback on customer service quality is not a myth and needs to be addressed. This situation has to change.

Doug Strachan agreed that there needs to be improvement. Gina Pagnotta-Murphy commented that she had visited the GEMGroup office and met the staff and believed the problems had gotten better – but now feels it apparently has not and that something is broken. Ms. Green stated that she also gets calls from concerned constituents and asked “Do they realize that the retirees and active plan participants pay their salaries?” Mr. Strachan asked that Mr. Larimer update the board on follow up actions taken at a future meeting.

### **NEW BUSINESS:**

Election for Board Positions – Tracie Gay reported that the ballots would be mailed on November 5<sup>th</sup> and the election period had been expanded to 5 days – November 9-14. There is a watermark on the ballot and each is numbered to prevent duplication.

Wells Fargo – Review of Retail Banking Issues as Reported in the Media - Laurel Hill addressed the recent publicity concerning retail sales practices at Wells that may have resulted in individuals having unauthorized accounts opened on their behalf and fees charged without their consent. Ms. Hill pointed out that the City of Atlanta relationship is handled in Wholesale division of Wells with completely different institutional procedures that include compliance with the Patriot Act and other “Know Your Customer” regulations. Neither the Pension fund nor individual participants in the fund had been affected by this scandal. Ms. Hill stated that the actions of Wells employees were not condoned by management, all new individual account holders had been contacted to confirm their intent to open accounts and restitution had been made as necessary. In addition, Wells implemented management changes and has amended sales incentive programs that incentivize new account openings.

Ms. Green asked if any individual City of Atlanta employees had been impacted. Ms. Hill responded that information on individual accounts was not available due to privacy concerns.

### **LAW REPORT:**

Bylaws – Revised Draft - Peter Chan proposed circulating another draft of the bylaws for review prior to the next meeting. Discussion was deferred.

Investment Policy Statement – Final Review – Callan had recommended removal of specific number of days in the definition of criteria to be placed on Watch List and ultimately terminated, replacing the language with “outperform benchmarks and peer group consistently” in order to the board more leeway and discretion. With that edit,

**MOTION:** A motion was made and seconded to adopt the Investment Policy Statement as revised. The motion passed.

**MOTION:** A motion was made and seconded to go into Executive Session for the purpose of discussing a matter of possible litigation. The motion passed.

{Executive Session begins – 10:30 AM and ends at 10:45 AM.}

**INVESTMENT CONSULTANT REPORT – CALLAN:**

Flash Performance Report – September 2016 – Ms. Swilley-Burke briefly reviewed the portfolio performance for the period ending September 2016. Overall results for the month were virtually flat – up .33% net of fees vs the Policy Index of .43%. Three months numbers were +3.68% vs. 4.12% for the benchmark. Asset allocation remains within the target ranges.

Garcia Hamilton – Fixed Income Manager Transition from JP Morgan – The transition from JP Morgan to Garcia Hamilton was completed ahead of schedule except for a small \$21,000 position which remains to be liquidated. Subsequent to the meeting, JP Morgan and Wells Fargo confirmed that these remaining securities had been sold and all funds have been transferred to Garcia Hamilton. Ms. Green asked about the transaction costs associated with the transition. Ms. Swilley-Burke promised to review a summary report on the transaction costs at the next meeting.

**PUBLIC COMMENT**

Ms. Pagnotta-Murphy suggested that this section be permanently moved to the top of the monthly agenda so as not to inconvenience participants and members of the public who want to address the board.

**MOTION:** A motion was made and seconded to place the Public Comment section at the top of the agenda going forward. The motion passed.

There being no further business before the board, the meeting was adjourned at 1:00 p.m.

Respectfully submitted:

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Douglas I. Strachan, Chair

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Jim Beard, CFO & Secretary