

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

December 7, 2016

A meeting of the Board of Trustees of the City of Atlanta General Employees' Pension Fund was held on December 7, 2016 in City Hall, Committee Room 2, Atlanta, GA.

TRUSTEES PRESENT:

Douglas Strachan
Angela Green
Dr. Gregory Nash

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

Not present: Michael Bond and Jason Esteves

OTHERS:

Rick Larimer, GEMGroup; Tracie Gay, Office of Retirement Services, Kristen Denius and Desmond Dorsey of City Law Department; Lora Burton, City Finance; Peter Chan of Morgan Lewis; Gwelda Swilley-Burke of Callan Associates, Laurel Hill 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.

PUBLIC COMMENT

BOARD ELECTION RESULTS:

Tracie Gay officially announced the certified results of the Board elections: Gina Pagnotta-Murphy (City); Aretha Sumbry-Powers (APS); and Douglas Strachan (City) were re-elected to 3-year terms, beginning January 1, 2017.

ADOPTION OF AGENDA:

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

APPROVAL OF MINUTES:

Minutes from the November 2, 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 November 2, 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. 1-7 as listed on the attached spreadsheet dated December 7, 2016. The motion passed.

DISABILITY PENSION APPLICATIONS

There were no Disability Pension applications this month.

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- 6 on the attached spreadsheet. The motion passed.

APPROVAL OF CHECK REGISTER AND INVOICES:

Mr. Larimer reviewed the Check Register dated December 7, 2016. Mr. Larimer commented that the invoice for Johnston Asset Mgmt. had been verified with Johnston's billing department - as had all invoices, calculations and payments since January 2014 – as a result of a mistake in the billing last quarter. All amounts billed and paid to date are correct.

Mr. Larimer also explained that several checks were out of sequence due to the delivery to GEMGroup of invoices for catering services after the initial expense checks were run.

MOTION: A motion was made and seconded to approve 12 items: #63808 - #63816 & #63838 – #63841 on the Check Register dated December 2, 2016 totaling \$267,077.83. The motion passed.

REVIEW OF FINANCIALS:

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

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

Review of Financials by City Finance Department – Gene Kirschbaum – Mr. Kirschbaum reported that a revised set of review procedures and firm cut-off dates for processes expenses each month were being developed by City Finance and would be reviewed and implemented with GEMGroup and reviewed with the Board at a future meeting.

ACTUARY REPORT:

2017 COLA Letter - Mr. Larimer distributed the 2017 COLA Letter on letterhead for Board approval. As has been the practice, the COLA calculations were prepared by Southern Actuarial Services, actuary for the Police and Fire Plans, and reviewed by Segal on behalf of the General Employees' Plan; the costs are split among the plans. Jeanette Cooper reported that Segal verified and agreed with the calculations.

Ms. Pagnotta-Murphy questioned why there was not a COLA factor for retirements in December 2016. Both Mr. Larimer and Ms. Cooper commented that this had been the established practice in prior years and was consistent with how the COLA's were applied in the Police and Fire Plans. Ms. Pagnotta-Murphy asked that inquiry be made to Mr. Carr at Southern Actuarial as to the background on this practice and to provide a follow up to the Board.

Segal Company Contract Extension – Ms. Cooper reported that the GEPP's contract with Segal Company for actuarial consulting services was expiring at year-end. She explained that Mr. Strachan had negotiated a 5% discount for an all-inclusive actuarial package that included the yearly valuation, an experience study, as well as two required GASB-related reports. The contract contains the option for one-year extensions; Ms. Cooper requested that the Board approve a one-year option to extend the current contract at the current annual fee. After a brief discussion,

MOTION: A motion was made and seconded to grant a one-year extension of the Segal Company actuarial consulting contract at a 5% discount over the previous year's contract. All other business terms (certain legal provisions of the contract are still being negotiated) will remain the same. The motion passed.

OLD BUSINESS:

GEMGroup Atlanta Office – Customer Service Issues – Follow up - Mr. Larimer summarized actions taken and plans in process to address some of the concerns expressed at the November meeting concerning the quality and consistency of customer service in the GEMGroup Atlanta office.

Senior GEMGroup Pension Department management visited the Atlanta office for two days, providing remedial customer service procedures and guidance, expressing the importance and the value the company places on quality customer service, and reviewing the overall staffing metrics to ensure that the office is staffed adequately to enable success. Going forward, senior management has committed to listen to several random calls to the office (all calls are recorded) each day, along with Mr. Larimer listening to 4 random calls each day to obtain direct feedback on how telephone interaction with participants and retirees is being handled. Mr. Larimer further explained that GEMGroup senior staff was giving consideration to an idea broached by Mr. Strachan that correlated contractual costs to customer service performance, effectively invoking a pro rata monetary penalty if certain performance metrics are not met. And GEMGroup has committed to implement as soon as practicable a Post Call Survey option to all callers. This will likely be during the first quarter 2017 as a new phone system is installed.

NEW BUSINESS:

Mr. Walter White delivered a letter to the board as a follow up to his comments at the November board meeting in which he complained about customer service he had received at the Atlanta office of

GEMGroup. The letter summarizes his issues with the GEMGroup staff and with Mr. Larimer and provided documentation for late charges that he allegedly incurred as a result of his November pension check being delivered late. The late charges total \$300. Mr. Larimer, on behalf of GEMGroup, had agreed cover Mr. White's out-of-pocket costs incurred as a result of this incident.

In addition to the request for reimbursement for out-of-pocket fees and late charges, Mr. White included a request for reimbursement for "pain and suffering" of \$455, making the total request \$755. Mr. Larimer pointed out that this was beyond the scope of what GEMGroup had agreed to do; the board concurred. Mr. Larimer committed to get a check to Mr. White to cover the actual losses.

Extending Beneficiary Benefits to Adult Beneficiaries with Disabilities - Ms. Pagnotta-Murphy again brought up her interest in having the board consider expanding paying beneficiary benefits to include adults with disabilities. She asked that Ms. Cooper prepare a brief actuarial analysis of what the cost would be and she requested that the topic be on the agenda for the next meeting.

INVESTMENT CONSULTANT REPORT – CALLAN:

Q3 Performance Report – September 2016 – Ms. Swilley-Burke reviewed the portfolio performance for the third quarter ending September 2016, stating that overall asset allocation remained within target ranges and the portfolio compared favorably – top quartile in the 3, 5, 10 year time periods – vs. other Public Pension funds across the country. . Overall results for the quarter were up 3.68% net of fees vs the Policy Index of 4.12%. Several active domestic equity managers including Morgan Stanley, Cornerstone, Earnest, and Channing were all down for the quarter but maintained above benchmark performance for longer periods. Legato continues to struggle since inception over the past 1 ½ years and will be monitored closely.

International segment and the GEPP managers in this space showed good positive performance in the + 6% - 9% range. Fixed income managers delivered at or above benchmarks.

October Flash Performance Report – Ms. Swilley-Burke commented that for the month of October, in a generally down market environment, most of the plan's managers protected on the downside, i.e., declining but less than their benchmark. November numbers will show a significant improvement.

Callan Consulting Contract - Ms. Swilley-Burke reported that the Callan consulting contract expires January 2017 and requested that the board elect the option to extend for one-year at the current annual fee. After a brief discussion,

MOTION: A motion was made and seconded to extend the Callan Contract for Investment Consulting Services for one year at the same, current annual fee. The motion passed.

LAW REPORT:

Bylaws – Revised Draft - Peter Chan circulated another draft of the bylaws for review. The draft highlighted certain areas of modification or addition to the current bylaws, namely Replacement of Trustees due to non-attendance, meeting participation by telephone, voting on items only at the meeting following the one in which it was initially raised, and a prior review by Finance of check registers and invoices before action by the board. Further discussion will continue at the next meeting.

Gina Pagnotta-Murphy requested that a written set of rules governing board elections be written for future elections. Ms. Pagnotta-Murphy also requested from Tracie Gay a summary report of the

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 – 10:45 AM and ends at 11:30 AM}

MOTION: A motion was made and seconded to authorize an updated pension calculation for Sylvester Richards and for the plan actuary to determine the required additional contribution to offset the increase liability for the resulting additional years of service. The motion passed.

There being no further business before the board, the meeting was adjourned at 12:00 p.m.

Respectfully submitted:



Douglas I. Strachan, Chair



Jim Beard, CFO & Secretary