

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

January 8, 2014

A meeting of the Board of Trustees of the City of Atlanta General Employees Pension Fund was held on January 8, 2014 in City Hall, Committee Room 1, and Atlanta, GA.

TRUSTEES PRESENT:

Douglas Strachan
Gregory Nash
Aretha Sumbry-Powers
Yvonne Cowser Yancy

Jim Beard
Angela Green
Yolanda Johnson

TRUSTEES ABSENT: Newly elected trustees Gina Pagnotta-Murphy and Michael Bond were not in attendance.

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, Gwelda Swilley-Burke, Callan Associates, Marlon Kimpson, Motley Rice.

Ms. Sumbry-Powers called the meeting to order at 9:30 A.M. There was a quorum.

SEATING OF NEWLY ELECTED TRUSTEES

The seating of new trustees and the swearing in by the City Clerk were deferred to a future meeting; neither Gina Pagotta-Murphy nor Michael Bond was in attendance.

ELECTION OF OFFICERS – CHAIRMAN, VICE CHAIRMAN & SECRETARY

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

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

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

ADOPTION OF AGENDA:

Mr. Larimer distributed and amended Agenda, adding item “T. Denham – Appeal of Disability Denial” under New Business.

MOTION: A motion was made and seconded to adopt the Agenda, as amended. The motion passed.

APPROVAL OF MINUTES:

Minutes from the December 4, 2013 Board meeting and the December 17, 2013 Special Called meeting were distributed for review. A request was made to amend the signature box on both signatures to reflect that Ms. Powers would be signing instead of Mr. Berry whose term expired December 31st. Ms. Powers pointed out that she had been present at the December 17th meeting but had to leave early; the minutes incorrectly stated she had been absent. Ms. Green asked that her comments on page one of the December 4th minutes be clarified to reflect her request that Gray Co Alts II be specifically referenced.

MOTION: A motion was made and seconded to approve the minutes of the December 4, 2013 Board meeting, with edits noted above. The motion passed.

MOTION: A motion was made and seconded to approve the minutes of the December 17, 2013 Special Meeting, with edits noted above. 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. 1-17 as listed on the attached spreadsheet dated January 8, 2014. The motion passed.

DISABILITY PENSION APPLICATIONS

The Disability Pension applications on the attached spreadsheet dated January 8, 2014 were presented to the Board for approval.

MOTION: A motion was made and seconded to approve disability applications Nos. 1, 3 & 4. The motion passed.

MOTION: A motion was made and seconded to deny disability application No. 2 due to lack of a supporting doctor opinion. The motion passed.

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 - 7 on the attached spreadsheet dated January 8, 2014. The motion passed.

APPROVAL OF CHECK REGISTER AND INVOICES:

The Check Register dated January 8, 2014 was presented for review and approval.

Mr. Beard inquired about the first eight (8) items – check numbers 52039 – 52046 – marked as Void. Mr. Larimer explained that an incorrect date had been printed by mistake on these checks. They were voided and replacements were issued as reflected in check numbers 52052 – 52059 as shown on the Check Register. Mr. Beard asked that a written explanation of the six check gap in the sequence. Subsequent to the meeting, Mr. Larimer provided the written explanation via email to all board members.

MOTION: A motion was made and seconded to approve 8 items: #52052 - #52058 on the Check Register dated January 8, 2014 totaling \$63,013.73. The motion passed.

REVIEW OF SEPTEMBER 2013 FINANCIALS:

The financials for the period ending November 30, 2013 were presented and reviewed. Mr. Larimer provided a brief summary of the financials. Mr. Beard requested that a glossary of explanations of the account caption descriptions be provided to the board prior to the next meeting, explaining a brief description of any account captions that may not clearly reflect the transactions captured in these account categories.

MOTION: A motion was made and seconded to accept receipt of the November 30 financial statements as presented. The motion passed.

LAW DEPARTMENT:

Fiduciary Liability Insurance Application – Mr. Larimer updated the board on the response to the motion to engage Alterra/Ullico for fiduciary liability coverage. At the board's request, United Members Insurance, the broker of record, negotiated a premium reduction with Alterra /Ullico from \$61,090 for \$5 million in coverage to \$58,439.

Mr. Atwater of Segal provided the board with a memorandum from Segal's fiduciary liability insurance specialist offering some commentary on the reasonableness and competitiveness of the quote. One aspect of Segal's comments gave the trustees some concern: a provision that seems to suggest that the first \$50,000 of any claim would be applicant's responsibility, effectively a deductible. The board interpreted this provision to mean that each of them individually would be responsible for this deductible amount in the event a claim was filed. Since this would present substantial financial hardship, Mr. Larimer was asked to go back to the carrier and have that deductible provision removed. Recognizing that this may result in an increase in the premium, the board authorized a premium of up to \$80,000 for a revised quote with the \$50,000 deductible eliminated for individual board members.

MOTION: A motion was made and seconded to accept the Alterra/Ullico quote at a premium amount not to exceed \$80,000 annually, provided that the \$50,000 deductible applying to individual trustees be eliminated. The motion passed.

ACTUARY REPORT

Actuarial Data Collection – Mr. Atwater reported that the data for the June 30, 2013 Actuarial Valuation had been received prior to year-end from GEMGroup. Staff at Segal had just begun to review the data.

Beneficiary Update Project – Mr. Larimer recommended that a project be undertaken to update the Beneficiary designation records for retirees. The beneficiary designations had been maintained only in hard copy form by the City prior to 2009 when GEMGroup assumed administration. Participants who began retirement after 2009 to present have completed beneficiary forms and the data is in the system. Efforts have been made at City-sponsored retiree fairs to obtain updated beneficiary forms and many have been received and updated on the system. However, there remains a significant number of retirees who were married at the time of retirement but who have no beneficiary noted in the system. The records are available in hard copy and are retrieved at the time of death and beneficiary pensions are being processed, but the lack of accurate beneficiary records on the system is an obstacle for Segal in calculating an accurate actuarial value of the Plan's liabilities. The existing hard copy records are deemed to be out-of-date and in need of updating. This should improve the accuracy of the Plan's actuarial valuation in future years.

The project will involve a mailing to all retirees that had paid for a spousal benefit while employed, but have no beneficiary listed on the system. The letter would include a new beneficiary form and a postage paid return envelope. Once returned, GEMGroup staff will update the system. Several mailings may be required. The goal is to get a 50% response rate and have the data update project completed in time for the June 30, 2014 Actuarial Valuation.

The board approved the beneficiary Update project to be undertaken.

Ms. Denius pointed out that the Plan allowed two types of beneficiaries – one for a pension benefit and one for a refund designee. A brief discussion ensued on whether the project should include a request to update the refund designee information at the same time. The consensus was that the benefits of having refund designee data were outweighed by the risk of confusion and complications involved in asking for the information now and may hamper the effectiveness and the response rate of obtaining current pension beneficiary information. Mr. Atwater commented that the refund designation data was not important to the actuarial valuation of plan liabilities.

INVESTMENT CONSULTANT REPORT

Callan & Associates – Status Update - Mr. Larimer reported that Callan had responded in writing (a letter had been distributed to the board) to the questions contained in the motion to hire Callan from last month's meeting. Callan had offered a 5% overall fee reduction if they were to be selected as the consultant for the City's Police and Fire plans in addition to the General plan. They declined to offer a service guarantee that would allow the board to terminate their services during the first year of the contract with a refund of all fees paid to date. Mr. Beard asked and Ms. Swilley-Burke confirmed that the proposed contract contained a clause that permitted termination by either party with 30-days' notice.

MOTION: A motion was made to ratify the prior action to hire Callan Associates as investment consultant for the General Employees' Pension Plan, provided the contract contained a 30-day notice period for termination by either party. The motion passed.

Ms. Green asked Ms. Swilley-Burke to comment on Callan's efforts to enhance minority representation within the firm. Ms. Swilley-Burke talked about Callan's active outreach efforts to attract minority including the Callan Connect program to encourage minority-owned investment managers to submit their products for consideration.

OLD BUSINESS:

Securities Monitoring Update – Ms. Denius updated the board on Securities Monitoring matters by reporting that there was some activity on the Bridgepoint matter in which the General Pension Plan was the lead plaintiff. She mentioned that the law firm representing the board in the matter has requested a spot on the agenda for the February or March meeting.

Interest Rate on Refund Contributions – Mr. Beard asked that this item again be deferred to the next meeting.

NEW BUSINESS:

Cash Projection – 90 days – Mr. Larimer presented the 90-day Cash Projection showing cash needs over the next three months estimated at \$18 million. With the contract with Callan yet to be finalized, Mr. Larimer suggested that cash be raised from the two large cap index managers – Vanguard and Rhumblin – in proportionate amounts of \$12,240,000 and \$5,580,000, respectively. The \$18 million cash raise would be sufficient to pay benefits at the end of January and February, allowing time for Callan to finalize their contract, evaluate the overall asset allocation and be in a position to make the recommendations at the March meeting.

MOTION: A motion was made and seconded to authorize the sale of securities from the Vanguard and Rhumblin portfolios as stated above to raise the cash needed to pay benefits. The motion passed.

In order to expedite the process of the transaction and to allow Callan to begin to work immediately on evaluating the portfolio, two other motions were made:

MOTION: A motion was made and seconded to authorize Wells Fargo, Custodian to provide on-line access to Callan Associates to all portfolio data on the Wells Fargo custodial system. The motion passed.

MOTION: A motion was made and seconded to authorize the CFO to execute all necessary documents to implement the motions made at this meeting. The motion passed.

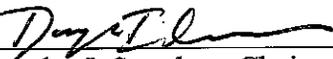
T. Denham – Appeal of a Disability Application Denial - Ms. Denham had filed an application for disability in 2012 and had been denied due to lack of a supporting opinion from her doctor that she was totally and permanently disabled. Ms. Denham appealed the board's decision, was examined by two additional doctors who both opined that she was totally and permanently disabled. Based on a review of this new information:

MOTION: A motion was made and seconded to grant the appeal of Ms. T. Denham and approve a disability pension benefit. The motion passed.

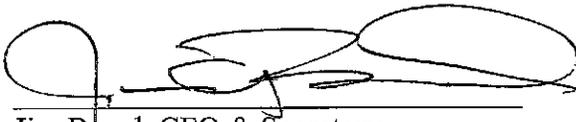
There being no further business to discuss, the meeting was adjourned at 11:15 a.m.

The next meeting will be held on Wednesday, February 5, 2014 in Conference Room 1, City Hall.

Respectfully submitted:



Douglas I. Strachan, Chair



Jim Beard, CFO & Secretary