

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

November 6, 2013

A meeting of the Board of Trustees of the City of Atlanta General Employees Pension Fund was held on November 6, 2013 in City Hall, Committee Room 1, and Atlanta, GA.

TRUSTEES PRESENT:

Alfred Berry, Jr.
Gregory Nash
Aretha Sumbry-Powers
Yvonne Cowser Yancy

Douglas Strachan
Angela Green
Yolanda Johnson
Jim Beard

TRUSTEES ABSENT: None (One Vacant Seat)

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, Sherry Davis, Treasurer, Eric Atwater of Segal Company, Derek Batts of Morgan Stanley, Montrell Moore of Earnest Partners, Steve Loncar of Ceredex, and Dan Berman and Paul Dopp of GlassRatner Group.

Mr. Berry called the meeting to order at 9:30 A.M. There was a quorum.

ADOPTION OF AGENDA:

Mr. Beard requested that two items be added to the Agenda: 1) a presentation by GlassRatner Group on the forensic audit assignment and 2) BlackRock iShares Russell 2000 Index ETF as a replacement for the Jennison portfolio, using ConvergEx as Transition Manager.

With respect to the first item, Angela Green commented that the board had not seen a proposal from another firm – Benchmark - that had responded. Mr. Beard stated that no proposal from Benchmark had been received by him. Ms. Green said that they had responded, having sent their proposal to Ms. Denius and that perhaps it had not been forwarded to Mr. Beard.

Mr. Berry stated that one entity had been missing from consideration at the Special Meeting when the interested bidders for the forensic audit service had been discussed. According to Mr. Berry, the Benchmark firm had responded by the deadline to Ms. Denius.

Doug Strachan suggested that if another proposal had actually been submitted, the board should get the proposal now, review it and determine if the terms of the proposal warrants it being considered among the others.

Mr. Berry again stated that the board was told at the October 17th special meeting that Benchmark had been vetted. Mr. Beard disagreed with that contention and said that the board was told that no proposal had been received from Benchmark. Ms. Green stated that the board did not vote to engage Glass Ratner at the October 17th special meeting, only to invite them to present at the November 6, 2013 regular board meeting. Mr. Beard responded that a vote was taken to hire Glass Ratner and that Ms.

Green's recollection was inaccurate. Ms. Green continued with the allegation that incomplete and insufficient information had been provided to the board at the previous meeting on this topic and implied that information – in the form of a proposal from the Benchmark firm – had been withheld. In response to questions, Mr. Larimer stated that he had received the meeting recordings, but had not listened to them and prepared the written minutes yet as he had been out of the country for the past two weeks. Mr. Strachan asked if the recorded minutes could be retrieved immediately so that the argument could be resolved. Mr. Larimer said no; the minutes could be prepared and circulated within about a week. In the absence of written minutes to resolve the issue of what specific action had been taken, a consensus was reached to proceed with the current agenda.

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

APPROVAL OF MINUTES:

MOTION: A motion was made and seconded to approve the minutes of the October 2, 2013 Board meeting, with minor edits noted by Mr. Berry, and the September 26, 2013 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. 1-12 as listed on the attached spreadsheet dated November 6, 2013. The motion passed.

CORRECTION

The Correction item for Mr. Banks on the attached spreadsheet was presented to the Board for approval. Additional service hours were reported for Mr. Banks that caused his benefit amount to increase.

MOTION: A motion was made and seconded to approve the Correction. The motion passed.

DISABILITY PENSION APPLICATIONS

The Disability Pension applications on the attached spreadsheet were presented for Board action.

MOTION: A motion was made and seconded to approve Disability Pension applications Nos. 1 & 4 and to deny Disability Pension applications Nos. 2 & 3 as listed on the attached spreadsheet dated November 6, 2013. 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. 1-5 on the attached spreadsheet dated November 6, 2013. The motion passed.

APPROVAL OF CHECK REGISTER AND INVOICES:

The Check Register dated November 6, 2013 was presented for review and approval.

Mr. Berry questioned check number #51112 to Gray & Company which was noted as being a replacement for a previously approved check number #51045 that had been denied because it had been inadvertently left off the Positive Pay report to Wells Fargo by GEMGroup. Mr. Larimer explained that since the previous check had been approved and signed at the last meeting, a replacement check was issued using facsimile signatures. Mr. Berry objected to the use of his facsimile signature on the replacement check and asked that it not be done again. Mr. Larimer agreed to comply with his request in the future.

MOTION: A motion was made and seconded to approve 17 items: #51112 and #51392 - #51407 on the Check Register dated November 6, 2013 totaling \$731,381.32. The motion passed.

REVIEW OF SEPTEMBER 2013 FINANCIALS:

The financials for the period ending September 30, 2013 were presented and reviewed. Mr. Larimer acknowledged that the request from the previous meeting to re-format the financials had not been done and would be accomplished for the next meeting. Angela Green asked about the status of securities lending. Laurel Hill from Wells Fargo responded that the securities lending with the new provider, Citibank, had begun in September and the first posting of revenue will appear on the October financials to be reviewed at the December meeting.

MOTION: A motion was made and seconded to accept receipt of the September 2013 financial statements as presented. The motion passed. Mr. Berry abstained.

LAW DEPARTMENT:

Fiduciary Liability Insurance Application – Ms. Denius and Mr. Larimer reviewed the responses from three (3) insurance carriers provided by United Members Insurance, Inc., a broker that also represents the Police and Fire Plans. Alterra American/Ullico Casualty provided quotes at three different coverage levels, as requested, ranging from \$5 million - \$15 million. Premiums ranged from \$61,090 to \$107,184. RLI Insurance declined to quote due to the funding level of General Plan being below their underwriting threshold; Hudson Insurance declined to quote due to recent negative media coverage.

The board directed Mr. Larimer to go back to the broker and ask that additional bids be solicited in the open market for comparison purposes. Ms. Yancy also asked that a sample policy be provided to show what the policy coverage entails. These should be available for the next meeting.

Review of Rules Governing Rescission Votes - Ms. Denius reported that Roberts Rules of Order permits rescission votes. There is a distinction between rescission votes and votes for reconsideration. Mr. Berry thanked Ms. Denius for the clarification and confirmation that the actions taken at the last meeting with respect to making a motion to rescind a prior resolution were permissible and in compliance with Roberts Rules of Order.

ACTUARY REPORT

Mr. Atwater shared with the board his expectations on the quality of the data for the valuation. In prior years, Segal has spent a significant amount of time working to review and correct data. This year they are expecting to receive one data submission that is accurate. If the data is problematic, Segal will have to assess extra charges to the Plan. Ms. Yancy asked that Segal and GEMGroup schedule a series of calls to iron out any problems and work toward a clean actuarial valuation report prior to the next meeting.

INVESTMENT CONSULTANT REPORT

Performance Report – Third Quarter - Gray & Company submitted their third quarter investment performance report for review by the board. No presentation of the report was made.

JP Morgan – Greg Pittenger and Julie Rancourt - Mr. Pittenger and Ms. Rancourt presented a portfolio review of the portfolio being managed by JP Morgan and discussed several alternative fixed income strategies for consideration in the future.

Ms. Rancourt introduced the discussion on the fixed income segment by noting that for the third quarter 2013 all segments of the fixed income market, with the exception of Asset Backed Securities, generated Duration Neutral Excess Returns to the Barclays indices, indicating an excellent quarter for fixed income. In response to a question from Mr. Strachan, Ms. Rancourt estimated the fee on the GEPP portfolio was approximately 28 bps.

The JP Morgan strategy relies on a bottom-up analytical approach with a minimum of sector betting and rotation. Risk management seeks to reduce downside risk relative to the benchmark. Historic performance of the City of Atlanta portfolio shows JP Morgan has exceeded their benchmark in each of the 10-,5-,3, and 1-year periods.

Ms. Rancourt then discussed several portfolio strategies to address the concerns over inflation and a potential rising interest rate environment: an Intermediate Aggregate with an inflation swaps overlay; an unconstrained, multi-sector strategy, and High Yield.

JP Morgan continues to struggle with unresolved issues and questions relating to the Investment Policy Statement (IPS) and its reference to Georgia State Code governing investments. They have made numerous attempts to get clarification on certain aspects of the IPS that govern the management of their portfolio. After a lengthy discussion,

MOTION: A motion was made and seconded to direct the Law Department to make a request for clarification to the Georgia State Attorney General's office on the list of questions provided by JP Morgan. The motion passed.

OLD BUSINESS:

Trustee Elections – Mr. Berry asked if the dates for the election set for November 11-15 were in compliance with election rules given that Monday the 11th is the Veterans Day Holiday. Ms. Denius opined that it was acceptable.

Beneficiary Data Project – Mr. Larimer had reported under the Actuary Report that the Beneficiary Data project was completed and the updated data had been loaded to the GEMGroup system and would be furnished to Segal by the target deadline of the end of November.

Investment Consulting RFP – Several board members apologized for missing the previously scheduled RFP response review meeting and committed to make themselves available at the next convenient time agreed upon by the board. The consensus was to meet on Wednesday, November 20th at 10:00 a.m. Mr. Larimer confirmed that his attendance was not required at this review meeting.

Securities Monitoring Update – Hecla Mining has been dropped as a result of the judge dismissing the plaintiff's suit. Motley Rice concurs.

Interest Rate on Refund Contributions – Mr. Beard asked that this item be deferred to the next meeting when he can develop a proposal for an interest rate indexed to a public benchmark.

April 3, 2013 Resolution - This item was placed on the agenda in error.

NEW BUSINESS:

GEMGroup Services Agreement – One-Year Extension – Mr. Larimer presented a one-year extension to the GEMGroup Service Agreement; the current extension expired on October 31, 2013. The extension contains an increase in the administration fee to \$3.54 per participant per month from \$3.40 ppm and an increase in the charge for postage of 3 cents from 95 cents to 98 cents. Ms. Yancy raised the question of why a consolidated service agreement covering the General, Police and Fire Plans could not be negotiated since GEMGroup and Zenith-American are owned by the same parent company. She thought it would make sense to have a common service agreement.

Mr. Berry objected to the increase in the postage charges, commenting that the postage on letters is 45 cents and the charge is 95 cents. Mr. Beard interjected that in addition to postage there are also costs associated with paper, envelopes, printing and handling. Mr. Larimer recalled that the original negotiations included a discussion of per item charges for supplies and handling in lieu of a flat 95 cent charge for postage; the board concluded that they would prefer a flat rate arrangement. It has not been increased over the past four years. Mr. Berry continued to voice his objection.

Mr. Strachan asked why the request for a 4% increase instead of 3% and what is the rationale for the 3% proposed increase in postage. Mr. Larimer stated that a 4% increase is reflective of the increases in costs to perform the service and is consistent with proposed increases with other GEMGroup clients. The postage is a simple reflection of the increase in bulk rate postage and supplies over the past four years which has amounted to approximately 5%.

Mr. Larimer said that he was sure the company would be willing to engage in joint conversations with Police and Fire and our affiliate company for the purpose of reaching a common service agreement. However, recognizing that the process may take some time, the GEMGroup agreement has expired and a fee increase of some level is needed to continue on a month-to-month arrangement. (The current agreement has a clause that allows termination by either party with a 30 day notice).

MOTION: A motion was made and seconded to extend the GEMGroup Service Agreement for one year at a rate of \$3.54 pppm provided that the 30-day termination option remains in place. No increase in postage charges. The motion passed. Angela Green abstained.

Service Agreement for Trust Portfolio Reporting Service – Wells Fargo - Wells Fargo presented a Service Agreement for signature to cover the use by the Plan and City Finance Department of the Commercial Electronic Office provided by Wells Fargo for access to the portfolio data. Wells Fargo recommended the Verified Reporting feature of the service to allow more detailed data on the portfolio to be made available to the City Finance Department.

MOTION: A motion was made and seconded to accept the Verified Reporting feature of the Commercial Electronic Office service provided by Wells Fargo. The motion passed.

Mr. Berry executed the Service Agreement.

Mr. Beard distributed a proposal for forensic audit services from Benchmark Financial Services whose timeliness of receipt prior to the last special called meeting was the subject of some dispute.

While the board reviewed the proposal, Mr. Beard updated the board on the status of ConvergeEx acting as the Transition Broker for the Jennison transaction. Mr. Beard reported that during the due diligence review of ConvergeEx it was brought to light that the U.S. Securities and Exchange Commission and the Department of Justice were investigating ConvergeEx for allegedly overcharging its clients. Finance Department verified the report directly with ConvergeEx and Mr. Beard circulated a CNBC.com article on the subject. Based on uncertainty as to the resolution of this matter, Mr. Beard recommended eliminating ConvergeEx from consideration and instead engaging BlackRock to handle the transition of the Jennison assets as well as managing the money. He committed to using best efforts to bring the fee to BlackRock down to match ConvergeEx which he estimated was \$2000 - \$3000 higher.

MOTION: A motion was made and seconded to hire BlackRock to handle the transition of the Jennison portfolio instead of ConvergeEx, provided best efforts were used to negotiate the BlackRock fee for transition services down to match the ConvergeEx quote. The motion passed. Mr. Berry and Ms. Green abstained.

Benchmark Financial Services, Inc. – Mr. Beard summarized the Benchmark Financial Services proposal before the board by pointing out that the firm did not provide a complete outline of the services to be rendered, quoted an hourly rate of \$650 and a not-to-exceed fee of \$25,000. Mr. Beard was not sure the two page letter was completely responsive to the City's request for a proposal. Ms. Yancy asked if Benchmark did this work for others and had they provided other client names. Mr. Beard pointed out that they gave the names of representative clients in their letter and referred readers to their website for more. Mr. Beard expressed his basic concern with Benchmark was the higher hourly rate and higher not-to-exceed fee amount as compared to Glass Ratner. Ms. Green commented that Benchmark was only \$5000 more than Glass Ratner and that the board had approved hedge fund managers (Gray & Company) for much more than that and didn't know what they were doing with the money.

Ms. Yancy retorted that the board does know what the hedge fund manager did with the investment money and is now trying to hire a firm to make certain. Ms. Green said that she didn't know what was held in the Gray Co Core Alts II, LLC. Ms. Yancy reminded her that all board members got the same report. Ms. Green asked Ms. Yancy to send it to her because she didn't get it.

Mr. Berry got the floor. He acknowledged that the board did vote to hire Glass Ratner at the Special Called meeting on October 17th, but stated that they had done so without having the benefit of all the information (proposals) that had been submitted. He recalled asking Mr. Beard, "Had Benchmark been invited to participate?" and was told that they had been invited. A follow up call by Mr. Berry to Benchmark seemed to indicate that they had not been. Mr. Berry had hand-delivered a hard copy proposal from Benchmark to the Law Department at some point but it had not been received by Mr. Beard prior to the October 17th meeting. To address the possible unintentional exclusion of Benchmark, Mr. Beard was presenting their proposal for review and consideration now. Mr. Berry's point was that they had voted without knowing that there was another proposal that had been submitted and made a pointed statement that the process was not transparent.

Mr. Beard immediately raised an objection to the comment concerning a lack of transparency as a mischaracterization. He clarified his response at the October 17th meeting by saying that he stated at the time that "he had not received a proposal from Benchmark." Ms. Yancy reacted forcefully to the "lack of transparency" allegation against Mr. Beard from Mr. Berry, stating that the comment was offensive to the CFO and that Mr. Berry's tone and demeanor were inappropriate.

The discussion degenerated into heated back and forth arguments among several board members around what was actually said and heard at the October 17th meeting concerning the Benchmark proposal. Board members agreed to disagree until the minutes of the meeting can be prepared and perhaps shed light on the issue.

Doug Strachan commented that it had been worthwhile bringing Benchmark to the table and considering their proposal. He suggested that a vote be taken on the question of the merits of the Benchmark proposal and whether it is superior to the Glass Ratner proposal. Several board members commented that a vote had already been taken.

Mr. Berman and Mr. Dopp of Glass Ratner were invited to make their presentation. They briefly reviewed their firm's credentials, experience and focus, forensic accounting being one of three core areas of practice. And, they summarized the key elements of their specific proposal to the Pension fund. Ms. Green asked if Glass Ratner had an affiliated firm in the headhunter or executive search business. Mr. Berman responded that Ms. Green may have seen a reference to Hardessy which is in the business of staffing primarily interim or temporary Chief Financial Officers. Mr. Berman said that while there is some common ownership among the principals of Glass Ratner and Hardessy, but that the two businesses are separate entities and has no involvement with the business of Glass Ratner. Ms. Green pointed out that it was not disclosed in any of the materials she has received from Glass Ratner and she found the connection through her own investigation.

Ms. Green asked who contacted Glass Ratner about this assignment. Mr. Berman responded that Mr. Beard contacted him about the assignment for the City.

Ms. Yancy asked what action needed to be taken to bring the engagement of a forensic audit firm to conclusion.

MOTION: A motion was made and seconded that the board not hire Benchmark Financial Services for the forensic audit assignment of the GrayCo Core Alts II LLC investment. The motion passed. Mr. Berry and Ms. Green voted No.

MOTION: A motion was made and seconded to ratify the board's previous action to hire Glass Ratner to perform the forensic audit assignment of the GrayCo Core Alts II LLC investment. The motion passed. Ms. Green voted No.

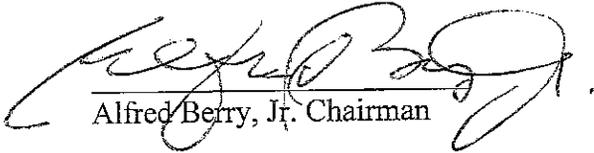
Board By-Laws - Ms. Yancy had asked Ms. Denius to retrieve and print copies of the current proposed draft of By-Laws for distribution to the board. At previous meetings, changes to the By-Laws had been proposed, debated and voted on but the votes had failed due to a lack of a majority. Therefore, the By-Laws to be considered are as originally proposed with the only changes being the amendments as requested by the board to make the provisions dealing with the removal of active and appointed trustees consistent.

MOTION: A motion was made and seconded to approve and adopt the draft of by-laws as currently presented. (Mr. Berry had to excuse himself to attend another meeting, but a quorum of six board members remained). The motion passed. Ms. Green and Ms. Sumbry-Powers voted No.

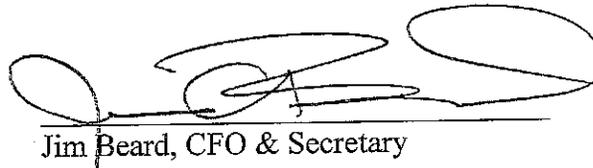
There being no further business to discuss, the meeting was adjourned at 12:25 p.m.

The next meeting will be held on Wednesday, December 4, 2013 in Conference Room 1, City Hall.

Respectfully submitted:



Alfred Berry, Jr. Chairman



Jim Beard, CFO & Secretary