

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

January 4, 2017

A meeting of the Board of Trustees of the City of Atlanta General Employees' Pension Fund was held on January 4, 2017 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; 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 9:35 AM.

PUBLIC COMMENT

None

ELECTION OF BOARD OFFICERS:

MOTION: A motion was made and seconded to nominate Douglas Strachan to serve a 1-year term as Chairman. The motion passed. Ms. Green voted No.

MOTION: A motion was made and seconded to nominate Aretha Sumbry-Powers to serve a 1-year term as Vice Chairman. The motion passed. Ms. Green voted No.

MOTION: A motion was made and seconded to nominate Jim Beard to serve a 1-year term as Secretary. The motion passed.

ADOPTION OF AGENDA:

MOTION: A motion was made and seconded to adopt the agenda with the addition of a Cash Raise Request item. The motion passed.

APPROVAL OF MINUTES:

Minutes from the December 7, 2016 board meeting were provided in the meeting packages in advance and reviewed again at the meeting.

Ms. Green requested that the Board Election Results section on page one should be clarified to state that Ms. Gay provided the “official” announcement of the election results. And, at the suggestion of Fund Counsel, the motion on page three regarding the Segal contract be edited to state that “all other business terms” will remain the same. Mr. Larimer will make both edits.

MOTION: A motion was made and seconded to approve the minutes of the December 7, 2016 meeting, as amended. 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. 1-10 as listed on the attached spreadsheet dated January 4, 2017. The motion passed.

DISABILITY PENSION APPLICATIONS

The Disability Pension applications on the attached spreadsheet were presented to the Board for approval. It was pointed out that the redacted applications with the doctor opinions noted had been omitted from the package. Mr. Larimer acknowledged the oversight and promised to provide this required documentation to the board post meeting.

MOTION: A motion was made and seconded to approve disability pension applications Nos. 1 & 2 as listed on the attached spreadsheet dated January 4, 2017, subject to redacted applications with doctor opinions noted being provided. The motion passed. Subsequent to the meeting, Mr. Larimer provided copies to the board by email.

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 January 4, 2017.

MOTION: A motion was made and seconded to approve 6 items: #664119 - #664124 on the Check Register dated January 4, 2017 totaling \$91,203.47. The motion passed.

REVIEW OF FINANCIALS:

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

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

Review of Financials by City Finance Department – Gene Kirschbaum – Mr. Kirschbaum distributed a Policy and Procedures memorandum prepared by City Finance with input from GEMGroup Inc. The memorandum outlines procedures for City Finance to review invoices for plan expenses in advance of presentation to the board, establishing cut-off dates for submission of invoices by vendors to the Third Party Administrator, and delivery to City Finance for their review prior to payment at the board meeting each month. Roles and responsibilities are outlined in the memo.

MOTION: A motion was made and seconded to adopt the Policy and Procedures memorandum effective January 1, 2017 for the processing and payment of Plan expenses. The motion passed.

Fiscal Year 2016 Audit for the General Employees' Pension – KPMG – Julie Turner and Eileen McGinn of KPMG reviewed the Audit report for fiscal year 2016. Their presentation covered the approach, testing and methodology of the audit; KPMG issued its unmodified opinion on the General Employees' Pension plan as a fair presentation of the Plan's financial position in accordance with generally accepted accounting standards.

KPMG noted two deficiencies as a result of their testing: 1) an active participant and a retiree had dates of birth in the census data that did not agree with the payroll record; and, 2) one retiree whose benefit amount as provided to the actuary was incorrect. These deficiencies prompted a discussion on the overall quality of the data being maintained by the City and GEMGroup (TPA) as administrator. KPMG recommended Plan management at the City to undertake improved procedures to verify data being provided to the TPA. They also recommended Plan management to undertake a project to reconcile the census data provided to the actuary by the TPA prior to the valuation being performed.

The board asked Mr. Larimer to work with City Finance and Audit department to provide an approach and a cost estimate to get this reconciliation completed.

ACTUARY REPORT:

OLD BUSINESS:

Extending Beneficiary Benefits to Adult Beneficiaries with Disabilities for Life and Extending Beneficiary Benefits to Minors to Age 26– Following up on a request from the December meeting, Jeanette Cooper presented two proposals and cost estimates for Segal to do the analysis to determine the cost impact to the Pension Plan of these benefit changes:

Extending Beneficiary Benefits to Minors to Age 26 – Cost - \$3,000;
Extending Beneficiary Benefits for Life to Disabled Minors – \$5,000.

MOTION: A motion was made and seconded to engage Segal Company to study the cost impact to the Plan to expand the disability benefits to include beneficiary payments to minor children to age 26 from age 18, and to continue disability benefits for life disabled children who are receiving benefits prior to age 26. The motion passed.

Summary Report on the Election: Tracie Gay, who served as the Election Manager for the Board of Trustees' Election, provided a memorandum summarizing the goal of the election process to provide secure and efficient procedures to elect the three open positions. The memo outlined the steps of the process including both mailings and email notices and the timeline for registering, casting ballots and tallying results. Of note was the decision to hire a third-party firm to manage the design, printing and mailing of the ballots.

A total of 4,557 ballots were mailed and 793 were received (17%). Ballots returned as undeliverable due to bad addresses totaled 129 (2.8%); City and GEMGroup are working on updating these addresses in Plan records.

Ms. Gay, after consulting with the company that handles the City of Atlanta Employee Survey, recommended that future elections (at least for Actives) be conducted electronically. She estimated the cost at \$5,700 for both City and Atlantic Public Schools. A final decision on the recommendation was not made but would be discussed further prior to the next election.

Separate Email Accounts for Board Members – It had been suggested at the previous meeting that board members could establish a separate email address for board business, making it easier to respond to GA Open Records Act requests and legal inquires on board matters. Mr. Strachan took the initiative to reserve a domain name and obtained a cost quote to operate and maintain it. The board continued to see value in this initiative and,

MOTION: A motion was made and seconded to adopt separate email addresses for board members for a period of one year on a trial basis at a cost not to exceed \$700. The motion passed.

NEW BUSINESS:

INVESTMENT CONSULTANT REPORT – CALLAN:

Monthly Performance Report – November 2016 – Ms. Swilley-Burke reviewed the portfolio performance for the period ending November 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 month were up 1.37%, net of fees vs the Policy Index of 1.50%. Generally, International equity and fixed-income sectors were down for the month, but active domestic equity managers delivered positive performance.

Ms. Swilley-Burke presented Callan's proposed monthly schedule to conduct manager reviews over the course of 2017. The board approved.

Cash Raise – Mr. Larimer requested that the board authorize the GEMGroup and Callan to work together between meetings to prepare a Cash Raise request to fund benefits and Plan expenses in the amount of approximately \$25 million. The Cash Projection of the next 90-days and Callan's memorandum outlining the source of the Cash to be raised from specific managers and the resulting asset allocation matrix will be furnished to Mr. Strachan and Mr. Beard for review and action prior to the next board meeting.

MOTION: A motion was made and seconded to authorize a Cash Raise not to exceed \$26 million subject to standard supporting documentation being provided. The motion passed.

Bank CD's – it was brought to the Board's attention that two Certificates of Deposit are being held as part of the Plan's investment portfolio at Citizens Trust Bank of Atlanta. The CD's were about to mature and would be rolled over for another year if no action were taken. The CD's pay a market

interest and are fully insured by the FDIC. To continue to express their support for local community financial institutions,

MOTION: A motion was made and seconded to roll over the maturity of the two CD's at Citizens Trust Bank of Atlanta. The motion passed.

LAW REPORT:

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 – 11:40 AM and ends at 11:55 AM}

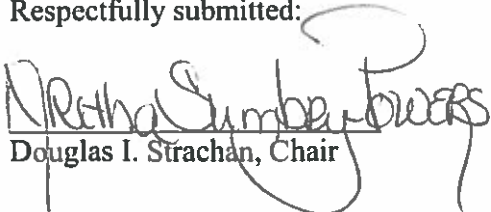
Mr. Walter White – At the December meeting, the board approved a resolution to this matter of Mr. White not receiving his benefit check timely due to an address error and the subsequent handling of the situation by the TPA office staff. As a means to resolve the matter, GEMGroup agreed, and the board endorsed, a reimbursement to Mr. White of his out-of-pocket interest and late charges as presented by Mr. White. Mr. White had also requested reimbursement for his pain and suffering. GEMGroup explained that this was beyond the scope of the board approved action and did not include any pain and suffering component in the reimbursement issued.

Angela Green proposed that Mr. White should receive some amount to compensate him for his pain and suffering and the “unprofessional” manner in which Mr. White was treated. After considerable discussion,

MOTION: A motion was made and seconded to request GEMGroup to compensate Mr. White an additional \$100. The motion passed.

There being no further business before the board, the meeting was adjourned at 12:15 p.m.

Respectfully submitted:


Douglas I. Strachan, Chair


Jim Beard, CFO & Secretary