

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

March 2, 2011

A meeting of the Board of Trustees of the City of Atlanta General Employees Pension Fund was held on March 2, 2011 in City Hall, Committee Room 1, and Atlanta, GA.

TRUSTEES PRESENT:

Alfred Berry, Jr.	Aaron Watson	Sherri Dickerson
Jo Ellen Paige	Douglas Strachan	Aretha Sumbry-Powers
John Bell	Yolanda Johnson (by telephone)	

TRUSTEES ABSENT:

Joya De Foor

OTHERS:

Richard Larimer of GEMGoup; Ray Adams of the Office of Retirement Services; Kristen Denius of the City of Atlanta Law Department;; Eric Atwater of the Segal Company and Larry Gray, Bob Hubbard and Jennifer Chrisman of Gray & Company.

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

ADOPTION OF AGENDA:

MOTION: A motion was made and seconded to amend the Agenda to add "Board Member Signature on Insurance Form". The motion passed.

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

APPROVAL OF MINUTES:

MOTION: A motion was made and seconded to approve the minutes of the February 2, 2011 meeting. The motion passed.

GENERAL EMPLOYEES' PENSION FUND PENSION APPLICATIONS:

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 service pension applications Nos. 1-13, as listed on the attached spreadsheet dated March 2, 2011. The motion passed.

MOTION: A motion was made and seconded to approve service pension application No. 14, as listed on the attached spreadsheet date March 2, 2011. The motion passed. Ms. Sumbry-Powers abstained.

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 No. 1 – 6 on the attached spreadsheet dated March 2, 2011. The motion passed.

TEN-YEAR EXTENSION

The Ten-Year Extension application on the attached spreadsheet was presented to the Board for approval:

MOTION: A motion was made and seconded to approve the Ten-Year Extension application on the attached spreadsheet dated March 2, 2011. The motion passed.

APPROVAL OF INVOICES AND CHECK REGISTER:

The Check Register on the attached spreadsheet was reviewed by the Trustees.

Mr. Berry commented that the expense items for 1099's and the IRS Notice totaling \$16,817.85 were very high and he asked Ms. Denius to provide a copy of the regulation showing that the IRS required that the Notices be mailed to all active and retired participants.

MOTION: A motion was made and seconded to approve thirteen items (Check #'s 20106 – 20120) on the Check Register totaling \$647,076.84. The motion passed. Mr. Berry abstained.

REVIEW OF FEBRUARY 2010 FINANCIALS:

The financials for the period ending December 31, 2010 and January 31, 2011 were reviewed.

Because Ms. De Foor was not present at the meeting to offer her opinion on the financial statements, the board recommended deferring acceptance of the December and January financials

until the next meeting. The board asked that the Administrator send the enclosed financials to Ms. De Foor (previously sent as part of the meeting package to all trustees) and ask that she review and provide her response.

Insurance Form Requiring Board Member Signature

An insurance company that had provided a term life policy to a pension plan participant as collateral for a pension buyback is requiring a board member signature on the release of assignment/change of beneficiary form now that the buyback has been completed.

MOTION: A motion was made and seconded to have a board member sign the form. The motion passed. The form was signed by the chairman.

LAW DEPARTMENT:

Status of Corrective Interest Refunds

The Administrator reported that 376 of the 532 checks that should be mailed (excluding those with negative balances and zero balances) had been mailed (71%); 156 remain to be mailed. The remaining checks are individuals whose initial letters and/or checks were returned as undeliverable by the US Post Office or for whom there is no address available.

The board questioned the standard of reasonable effort required to locate and deliver these refund checks. Ms. Denius stated that while no firm guidelines exist, her opinion is that two attempts at mailing would constitute a good faith effort.

Mr. Berry requested a copy of the regulation that required the City to mail the Notice to Interested Parties to all active and retired participants. The mailing generated a \$13,000 postage bill for the Plan. Ms. Denius will provide a copy of the regulation at the next meeting.

Mr. Berry asked that City Law Department research the basis of the 5% per annum earnings accrual rate currently paid by the Plan on contributions to determine if the board could consider lowering the rate. Mr. Strachan asked if the 5% rate would be changed for all contribution balances or only new contributions going forward. Counsel stated that the 5% was not an accrued benefit because the rate was not applied until the time of refund and therefore she believed that it could be changed to apply to any existing contribution balances. Mr. Strachan suggested strongly that if such a change were made that all participants be notified in writing.

Refund Amount after Pension Buy Back

Ms. Denius was asked by the Administrator to clarify the interpretation of the Plan language that states that all monies contributed to the Plan in the case of a pension buy back, including the interest paid by the participant as part of the payment schedule, be included in the refund amount if a subsequent termination occurs and a refund is requested. This is the current practice.

A lengthy discussion ensued on the appropriateness of a 7% interest rate relative to what the Plan is expected to earn, whether the rate perhaps should vary based on the actual Plan earnings in a year, what circumstances would cause this situation and should certain participants, for example, someone who is the subject of a RIF action, be treated differently from others. The Administrator will provide additional details on these refund situations. In the meantime, the board directed that the refunds be issued including the interest amount paid by the participant during the buyback period, which is consistent with the current practice.

Refund Amount to Beneficiary after Death of Participant in Active Service

The current Plan language states that a beneficiary that elects the refund option after the death of participant who was in active service at the time of death is entitled to only the amount of contributions that the participant had made to the Plan, not including the 5% per annum accrual of interest. The board determined that this was an oversight in the language and directed that these refunds should include the interest that would have been payable to the participant.

Mr. Strachan commented that issues involving Plan interpretation should be brought to the board in a more timely fashion to get them resolved to avoid undue delay on participants.

The board requested Ms. Denius to research the options for changing the current 5% per annum interest accrual rate on a participant's contribution. A discussion ensued on what the rate should be, should it perhaps be variable or should any interest be accrued and credited to participants' accounts. Further discussion on these points is needed at a future meeting.

INVESTMENT CONSULTANT REPORT:

Flash Report – January 2011

Mr. Gray reviewed the January 2011 Flash Performance report. The portfolio was up 1.34% for the month and YTD compared to the Policy Index of 1.06%. The one-year number of 17.41% was slightly under the Policy Index of 17.69%. The 10-year number of 4.78% compares favorably with the Policy Index of 4.18%.

In the Large Cap space, Earnest Partners continues to perform well with a one-year performance of 25.46% and a 10-year performance of 3.17% compared to its benchmark of 22.18% and 1.29%, respectively. Union Heritage also delivered a solid one-year return of 20.04% and a 10-year return of 3.66% compared to the same benchmarks.

In the Small Cap space, Earnest Partners again showed solid returns in both the one-year and 10-year time periods.

Fixed Income sector showed good performance with two of the three the managers performing above their benchmarks for the one- and two-year periods.

Total market value of the portfolio at January 31, 2011 was \$1.056 billion.

Mr. Gray reported that the portfolio rebalancing had been implemented. The board had expressed concerns about the costs associated with the rebalancing. While the security trading commissions had totaled \$66,000, the net effect on the plan was a net gain of \$689,000 due to the timing of the implementation and market movements during that time.

Mr. Gray provided a brief commentary on the report on Passive Strategies that had been prepared by Mr. Williams, Georgia State PhD candidate, pointing out some areas of disagreement on certain assumptions and methodologies used in the analysis. Gray & Co. is actively working with Mr. Williams to provide their input. A revised report that incorporates a consensus between Gray & Co. and Mr. Williams would be completed and ready for discussion at the next board meeting. Mr. Strachan requested that the revised report be provided to the board in advance and that Gray & Co. prepare a proposal for the board that incorporates some level of an indexing strategy.

Madison Square Investors – Performance Review

Mr. Michael Maquet, President and CEO and Veda-Pai-Panadiker, Director of Relationship Management at Madison Square were introduced and made a 30 minute presentation of the firm's process, strategy and performance in managing a Mid Cap portfolio for the GEPP. Mr. Strachan began by stating that he was interested in hearing their comments on indexing and why the fees being paid to Madison Square for active management are justified given that the performance net of fees has not exceeded the benchmark. Mr. Maquet and Ms. Pai-Panadiker addressed the issue in their presentation by stating that the because of the extraordinary market experience of 2007 – 2008, the period of time is not indicative of the performance of their strategy over longer periods of time. A copy of the presentation is on file in the Administrator's office.

Artisan Partners

Mr. Floyd Dukes, Institutional Relationship Manager, at Artisan Partners was introduced and made a 30-minute presentation on the firm's process, strategy and performance in managing an International Equity portfolio for the GEPP. The Artisan international portfolio was funded in October 2010 and the performance being reported covers the relatively short period since inception. Mr. Dukes noted that the team at Artisan that is managing the international portfolio is in San Francisco, but that he is based in Atlanta and available as a resource to the board at any time. His presentation is on file in the Administrator's office.

OLD BUSINESS:

2009 Annual Pension Statement – Update

The Administrator reported that approximately 731 remain that will require more research in order to complete. The Administrator has provided to ORS a spreadsheet detailing all refunds processed during 2007 that have unresolved questions associated with them. The list has been reviewed by ORS and HR and a work plan to provide the correction and explanation is being formulated with a commitment to have the data correction completed within 30 days. Administrator is preparing the same spreadsheet detailing the 2008 questionable refund data and will provide it to ORS and HR as soon as available. These are the two years with questionable refund data. A work plan with definitive target delivery dates for data correction will be completed and sent to the board prior to the next meeting.

Requests for Pension Estimates

Mr. Berry requested a report on the Administrator's performance in meeting the stated service standard of providing a Pension Estimate to participant's within 30 days of a request. Administrator will provide a report at the next meeting.

Request for Actuarial Data from Segal

Administrator reported that many of the same issues affecting the completion of the 2009 Pension Statements also impact the ability of the Administrator to furnish complete and accurate data to the Actuary. It was noted by Mr. Atwater of Segal that the data they need to perform the actuarial valuation does not require the same level of detail on all individual participants as is needed to produce Annual Pension statement for individual participants. The Administrator agreed to work with Segal to furnish the most accurate data available, given the deficiencies previously noted in the data that has been provided to the Administrator to date by the City. Subsequent to the meeting,

the actuarial data requested from Segal, in sufficient detail and accuracy to complete the 2010 actuarial valuation, was furnished on March 8.

NEW BUSINESS:

Education and Training

Mr. Berry stated that he would look at the April calendar and propose dates around the City Council recess.

PUBLIC COMMENT:

None

There being no further business to discuss, the meeting was adjourned at 12:30 p.m.

Respectfully submitted:

Alfred Berry, Jr. Chairman

Joya C. De Foor, CFO & Secretary